

CURRENT HISTORY

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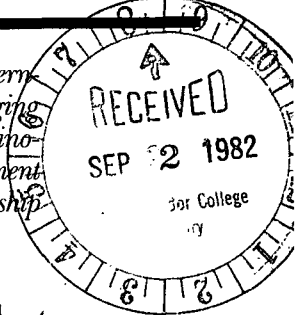
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Current History

SEPTEMBER, 1982

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How strong is China today? How successful are its leaders in terms of modernization and an effective foreign policy? In this issue, seven specialists evaluate changing economic, military and political conditions in the People's Republic. As for the Sino-American relationship, our introductory article points out that "The real impediment to a closer relationship between the United States and China was and is the relationship between the United States and the Soviet Union."



Sino-American Relations: Reaching a Plateau

BY JOHN F. COPPER

Associate Professor of International Studies, Southwestern University

IN the spring of 1982, almost ten years to the month after the so-called turning point in Sino-American relations—the signing of the Shanghai Communiqué—the period of improving relations between the United States and the People's Republic of China was apparently ending or reversing course.¹ The "Taiwan question" was at the center of the disagreement between Washington and Beijing, and both sides agreed that this was the one issue that had not been resolved during the past decade. But it is clear that the changing course in relations between the two countries cannot be explained by looking only at the last several months or at this single issue.

United States-China relations had begun to improve almost 15 years earlier, in 1969, when United States President Richard Nixon announced in a speech at Guam (later to become known as the Nixon Doctrine) that the United States planned to withdraw from Asia militarily and that the United States was seeking improved relations with the People's Republic of China. At the time, Chinese leaders were battling the Soviet Union on their border in what amounted to a conventional war. During the fighting, Soviet military leaders advocated "taking out" Chinese atomic weapons production sites and missile emplacements or invading the Chinese capital. It was not surprising that

China's leaders began to look to the only other world power that might offset the Soviet threat.²

A United States tilted toward China apparently helped to defuse the crisis. Washington subsequently persuaded the United Nations to admit China (or at least did not prevent this action). Beijing responded by trying to help the United States withdraw from Vietnam "with honor." Clearly, a new relationship between Washington and Beijing had been established.

In early 1972, President Nixon visited China and signed the document which was later called the "turning point." But the Shanghai Communiqué was clearly ambiguous on one major point, the issue of Taiwan. It noted that the Chinese on "either" side of the Taiwan Strait agreed that there is only one China. The context suggested that the United States assumed that both the People's Republic and the Republic of China (Taiwan) concurred on the situation; yet the use of the word "either" suggested just the opposite. The fact that the United States "did not challenge" the Chinese view that Taiwan is part of China also hinted that the two sides did not concur.³

In the next few years, trade, cultural exchanges, tourism, scientific and technology exchanges flourished. In the mid-1970's, however, the euphoria was dampened to a considerable extent by domestic problems in both countries: Watergate in the United States, which was followed by a non-elected President; the death of Chairman Mao Zedong in China, followed by the rise and fall of the "gang of four."

When Jimmy Carter became President, he seemed to have no special interest in pursuing markedly better relations with China, but in late 1978, he suddenly decided to grant diplomatic recognition to the People's Republic. In the process, he agreed to terminate the United States-Republic of China defense treaty with

¹In February, 1982, President Reagan and Premier Zhao Ziyang exchanged letters commemorating the tenth anniversary of the signing of the Shanghai Communiqué. The tenor of the letters was proper and seemed cool to some observers.

²See Harold C. Hinton, *The Sino-Soviet Confrontation: Implications for the Future* (New York: Crane, Russak and Company, Inc., 1976), chapter 3.

³See John F. Copper, "Reassessing the Shanghai Communiqué," *The Asian Wall Street Journal*, December 27, 1977.

Taipei, to withdraw American troops from Taiwan and to withdraw recognition from the Republic of China.⁴ He also agreed without equivocation that there was only one government of China and that Taiwan was part of China.

The timing of President Carter's move—a fortnight before Christmas when Congress was in recess—was patently designed to avoid public or congressional input. Early in 1979, however, Congress passed the Taiwan Relations Act, which gave Taipei the right to use United States courts and to be represented in the United States, and granted it most favored nation status. This action, in essence, returned sovereignty to Taiwan. Furthermore, by stating that the United States would sell Taiwan sufficient weapons for its defense needs, Congress apparently also gave Taiwan the means to preserve its sovereignty.

Both President Carter and Chinese First Deputy Premier Deng Xiaoping subsequently chose the joint recognition communiqué as the basis for United States-China relations, ignoring the Taiwan Relations Act. Beijing protested the act, but neither loudly nor repeatedly. Deng visited the United States in January, 1979—he was the first high-level Chinese leader to see Washington—and was given a reception suitable for the visiting head-of-state of an important country. He was followed by other Chinese leaders, and within a few months four members of the Carter Cabinet made the trek to Beijing. In August, Vice-President Walter Mondale joined the long list of United States officials visiting the Middle Kingdom.

In January, 1980, after the Soviet invasion of Afghanistan, Defense Secretary Harold Brown visited Beijing and hinted of United States-China military cooperation. A few months later his counterpart, Geng Biao, vice chairman of China's Military Affairs Commission, visited Washington. Again United States weapons deliveries to China were discussed. Meanwhile, Congress passed a United States-China Trade Agreement, which went into effect in February, 1980, giving China most favored nation status.

Of tangential but not inconsiderable importance

⁴See William R. Kintner and John F. Copper, *A Matter of Two Chinas: The China-Taiwan Issue in U.S. Foreign Policy* (Philadelphia: Foreign Policy Research Institute, 1979).

⁵For a background summary of U.S.-China relations during the 1970's, see John Bryan Starr, ed., *The Future of U.S.-China Relations* (New York: New York University Press, 1981), introduction.

⁶This figure is based on the average amount of arms sold to Taiwan during several previous fiscal years. It should be noted in this context that President Carter resumed arms sales to Taiwan after a one-year moratorium following "normalization," during which time the United States-Republic of China defense treaty remained in force; and he rejected Beijing's pressure to discontinue such sales. A more advanced fighter plane would probably also have been included in these sales had it not been for domestic issues in the United States.

were other kinds of "progress" in United States-China relations. During 1979, United States-China trade doubled. That same year 40,000 American tourists visited China, many of them reporting after they returned that they were accorded special treatment that in some ways resembled the unequal situation during the "imperialism" of the last century and that they were isolated from the masses and discouraged from making friends or establishing personal relationships. Meanwhile, 2,500 Chinese students came to the United States to study, most of them unprepared for either American life or academic work.⁵

It was in this context that Ronald Reagan campaigned for the presidency and won. President Reagan specifically stated during the campaign that he was not in agreement with the Carter administration's China policy and that he supported the Taiwan Relations Act. He declared that if elected he would upgrade United States relations with Taiwan. These statements, plus the fact that Taiwan representatives were invited to his inauguration, seemed to indicate that an immediate reversal in United States-China relations was pending.

However, once in office President Reagan notified Beijing that he wanted to continue close ties with Beijing. The first foreign ambassador to be given an official audience with President Reagan was Chai Zemin, the ambassador from China. The President also declared that relations with Taiwan would continue to be conducted on an "unofficial" basis.

In subsequent months, United States relations with China were friendly and probably improved. President Reagan publicly expressed his commitment to the normalization agreement and said little about the Taiwan Relations Act. He sent former President Gerald Ford to China in March, 1981. In June, Secretary of State Alexander Haig visited Beijing, announcing that the United States was willing to sell offensive weapons to China. This was regarded by most observers as a major change in United States policy.

During this same period, three new Chinese consulates were opened in the United States, the issue of taxation was settled, the sale of a large computer was negotiated and a joint commission on trade was established. Intelligence information on Cambodia and Afghanistan was exchanged, and (underscoring the "partnership" against the Soviet Union) it was revealed that a United States-equipped listening post had been set up in China to monitor Soviet missile tests. Meanwhile, \$500-million worth of arms sales to Taiwan were held in abeyance, as was the sale of advanced fighter planes that Taipei had been seeking for some time.⁶

PROBLEMS AND DISAPPOINTMENTS

Nonetheless, behind the facade of cordiality and agreement on global issues, there were several problems. Taiwan, of course, was one. It had not been

given favorable treatment by the Reagan administration; Taipei had apparently been "put on hold," although it attracted considerable support from members of the administration and the American public.

In addition, many American businessmen were disappointed in their contacts with China. False expectations were partially responsible. But the government of China also caused difficulties. It gave many business contracts to Japanese companies instead of American companies and, in many cases, it tried to take advantage of American companies. At the same time, Americans feared that China was invading the textile and small manufacturing goods market in the United States, which might eventually exacerbate American unemployment, even though the trade balance remained in favor of the United States.

China also noticeably failed to support the policies of the new administration toward the third world. At Cancún in October, 1981, the first real signs of disagreement on an international issue of importance emerged. President Reagan and Chinese Premier Zhao Ziyang held separate discussions at the meeting, and the President was apparently not happy with the tenor or the substance of the talks.⁷ Some of his advisers later noted that China should not expect "aid" from the United States while it preached to third world countries about Western "imperialism" and cleavages between the third world and the West.

The most important issue in Washington, however, was the United States strategic alignment with China or, as the cliché went, "playing the China card."⁸ But Washington also found its "alliance" with China against the Soviet Union wanting in several respects. In Southeast Asia, China's tough stance alienated several United States friends and allies. Regarding Afghanistan, China was able to do very little to challenge the Soviet presence and limited its help to sending small arms to Afghan rebel forces through Pakistan. In the case of Poland, China was willing to criticize Soviet policy, but it was unwilling to support Solidarity, fearing that such support might encourage a labor movement at home.

American policymakers were disappointed in the China "alliance." And they began to believe that China

needed the United States much more than the United States needed China. It was widely believed, further, that the Chinese would not return to the Soviet camp; Western trade, technology and capital were too important. Soviet leaders would not trust China and would not welcome it back into the fold until China apologized and demonstrated its loyalty. Chinese leaders apparently had a vested interest in Sino-Soviet hostilities; in the event of a significant rapprochement a leadership shakeup in Beijing would bring new leaders into positions of power. Finally, China would be an economic burden to the Soviet Union. The truth of these judgments is hardly in question; yet Washington did not fully understand the constraints the Chinese leadership felt or its attitude on several issues, most important, Taiwan.

CHINA'S PROBLEMS

In 1978, when the Carter administration had agreed to accept China's three conditions for normalization—the withdrawal of American forces from Taiwan, the cancellation of the United States–Republic of China Defense Treaty and an end to diplomatic relations with Taipei—Deng was pleased about the progress he had made in United States–China relations. And he publicized his accomplishments to bolster support for his economic programs and his leadership.

At the same time, Deng chose to ignore certain problems. He was not pleased about President Carter's arms sales policies, including sales to Taiwan. He was also less than enthusiastic about the Carter administration's human rights campaign and its generally vacillating and weak foreign policy. In early 1979, when China invaded Vietnam in order to "teach Hanoi a lesson," Deng may have expected American support of some kind. Instead, the Carter administration expressed regret about the war and hoped that it would soon end.⁹

Deng also noted that the United States expected China to support American attitudes in Southeast Asia and toward the Soviet invasion of Afghanistan while it displayed little resolve itself in dealing with these problem areas. China, in fact, may have seen itself as implementing United States policy in Southeast Asia. Regarding Afghanistan, because of the logistics and the nature of the situation, China had to follow the United States lead. Meanwhile, Washington's anti-Soviet efforts were undermined by its weak policies vis-à-vis the Kremlin in Europe.

By 1980, Deng also faced the fact that his modernization program was not proceeding as quickly as he had promised and that many projects had to be scrapped. China's war against Vietnam had been expensive, and Deng was presented with demands for budget allocations from the military that would impede his economic development plans.¹⁰ Meanwhile, the public, given a taste of consumer goods,

⁷David Bonavia, "Rich Man, Poor Man," *Far Eastern Economic Review*, October 30, 1981.

⁸Many Americans regarded United States-China ties as a marriage of convenience, to enable the United States to close the strategic gap and catch up with the Soviet Union. The alternative was to reach an arms agreement with the Soviet Union. And there was considerable pressure from European allies and the American public to do this.

⁹See Drew Middleton, "U.S. Policy Toward Moscow and Beijing in an Era of Declining Détente," in Douglas T. Stuart and William T. Tow, eds., *China, The Soviet Union and the West: Strategic and Political Dimensions in the 1980's* (Boulder, Colorado: Westview Press, 1982), p. 243.

¹⁰Lowell Dittmer, "China in 1980: Modernization and Its Discontents," *Asian Survey*, January, 1981.

wanted more. In short, Deng had made promises that he could not keep and had raised expectations that were being deflated. He had alienated the military to a considerable extent and still had to contend with former supporters of Mao and the "gang of four."

In this context, in 1981 Deng had to build a new relationship with a new United States administration. On trade, technology and other issues Deng had no cause for disappointment, yet his expectations may have been too high. Chinese leaders were not pleased with the President's stance on the issue of Taiwan, but they were pleased with the tough American stand toward the Soviet Union. Still, they may have expected too much. Deng spoke of a "united front," comprised of the United States, West Europe, Japan and China, to stop Soviet "hegemonism."¹¹ But while President Reagan pressured Japan to spend more on defense, made every effort to preserve Western unity, and apparently wanted to "play the China card" against the Kremlin (thus cooperating with the Chinese "united front" strategy), he also wanted (or needed) to improve relations with the Soviet Union.

Viewed another way, Chinese leaders had cause to be apprehensive about their reliance upon the United States, which had already undermined Chinese independence in foreign policy, especially toward the third world. The United States offered weapons but placed limits on its military and other help to China—just as the Soviet Union had done during the 1950's (though admittedly the United States seemed more generous). In short, efforts by China to align itself with the United States carried some undesirable burdens and some costs.

Deng also had to contend with the foreign influence that accompanied both improved relations and the efforts to attract foreign capital. While not predisposed to dislike Americans or most other Westerners, the Chinese were irritated by the fact that special privileges were extended to foreigners. This harked back to the days of foreign imperialism and was an issue Deng's opponents were quick to exploit.

In addition, Deng had overextended himself politically: reducing the military budget, purging the top leadership of former pro-Mao leaders, and purging the bureaucracy. In so doing he created new opposition. This may explain why he never promoted himself to a top position in either the party or the government even though he was clearly running both. It may

¹¹See John F. Copper, "China's Global Strategy," *Current History*, September, 1981.

¹²Most Americans regarded the sale (limited to spare parts) and the continuing agreement to coproduce the F-5E fighter aircraft as concessions to Beijing. But in any event, American pressure groups were organizing in reaction to Washington's treatment of Taiwan, and the issue could no longer be delayed.

¹³Nonetheless, the Taiwan issue is a matter on which the United States cannot capitulate. The administration has

also explain official statements during early 1982 concerning his retirement and his intent to relinquish power to younger leaders.

THE TAIWAN ISSUE

With regard to Sino-American relations, the Taiwan issue was the easiest for Deng's opposition to exploit. Thus, beginning in 1981, Beijing began to make an issue of Taiwan's sovereignty. It was not clear whether the normalization agreement (which conceded China sovereignty over Taiwan) was the foundation of American policy, or whether the Taiwan Relations Act (which regarded Taiwan as sovereign) was the foundation. Making an issue of this reflected Deng's need to take a tough stand toward the United States to ward off his critics.

The importance of the Taiwan problem was underscored by the fact that in October, 1981, China made apparently generous offers on unification to Taipei, which were refused out of hand. Furthermore, Beijing could argue justifiably that Taipei did not need additional weapons in view of the fact that China had withdrawn many of its forces from the province adjacent to Taiwan as a peaceful gesture, although Beijing withdrew because it needed additional forces on the Sino-Soviet border and the Sino-Vietnamese border.

Thus when the Reagan administration made the decision to sell spare parts to Taiwan in January, 1982, Beijing responded with a threat to downgrade relations with the United States.¹² Beijing made it plain to the Reagan administration that the United States sale of spare parts to Taiwan was illegal. Yet Deng did not seem prepared to carry out his threats. His policies seemed geared to his opposition, which was making an issue of Taiwan. Or Deng was bluffing. In any event, by mid-1982 the crisis in United States-China relations had apparently passed.

CHANGING U.S. GOALS

There has been a certain inevitability in the cooling of United States-China relations, if only because of the nature of international politics. One can argue that both sides were unrealistic or at least held inaccurate perceptions about what each nation could expect of the other. Finally, there was the factor of euphoria: when enemies become friends, euphoria often leads to false hopes.

Clearly, Taiwan was not the issue that caused the crisis.¹³ The real impediment to a closer relationship between the United States and China was and is the relationship between the United States and the Soviet Union. As United States-China relations improved, the United States could not resist using China as leverage against the Soviet Union, and the Chinese were certainly willing to be so used. This was especially true in the context of declining United States defense spend-

ing and a marked increase in the Soviet military budget. But Washington also knew that it had to deal with the Soviet Union separately and that United States-Soviet relations were of a different order of priority: the Soviet Union could destroy the United States with its nuclear arsenal; China could not.

This meant that ultimately the China card had to be played and China had to be "used" to promote better relations with the Soviet Union. This was made more imperative because of the Reagan administration's tough stand toward the Kremlin and its prompt efforts to redress the military balance at the cost of social programs and economic stability at home. Moscow contributed to this pressure through its successful anti-nuclear war propaganda in Europe and elsewhere.

One must also be reminded of the fact that the United States tilt toward China in 1969, when a conflict between Moscow and Beijing seemed in danger of escalating, may have prevented a war. The same cannot be said of United States-China relations now. In fact, it can be argued that the United States cannot be as tough toward the Soviet Union as China would like—lest this lead to a United States-Soviet war. To argue that China could offset the huge Soviet military buildup would reflect a premature view of multipolarity in global strategic relations and would represent a gross overestimation of China's military power. In this context, it is noteworthy that China's defense budget has been cut markedly twice in two years.

Further, United States allies are questioning Washington's relations with China. European leaders have often subtly suggested to the United States that America cannot be as militant as China would like, that it cannot be dragged into war by China, and that United States foreign policy cannot be dictated by Beijing. Washington's Southeast Asian allies have also criticized United States-China cooperation in Southeast Asia. Several countries in the region are more fearful of Chinese than of Soviet and Vietnamese influence.

Many third world countries are also concerned about the increase in United States "aid" to China in the form of advantageous trade relationships, under-priced or free technology, and credits. This is particularly true in the context of America's declining ability to grant economic assistance and trade concessions. In short, third world countries are fearful that United States-China relations will improve at their expense.

made every effort to defuse statements the President made during the campaign, especially with regard to upgrading relations with Taiwan. But no United States administration can consider abandoning Taiwan completely, because Taiwan has too much support in the United States. Nor can a United States President ignore the wishes of 18 million people—more than 99 percent of whom do not want to be "incorporated" by the People's Republic of China. Any President seeking to enforce a one-China policy would also endanger his relationship with Congress.

On the Chinese side there are also problems. Again, the most important is the Soviet Union. Chinese leaders are fully aware that the United States may want or need to sacrifice relations with China in order to improve relations with the Kremlin. In fact, it may be that Deng made his demands on the Taiwan issue because of this perception, thinking that once the China card is played his bargaining position will be lost or weakened. The Kremlin's foreign policy ventures seem to be exacting a heavy burden, making it more likely that Moscow will be willing to come to terms with the United States. Finally, Chinese leaders remember their past dependence on the Soviet Union and the problems that caused. The Chinese People's Liberation Army seems open now to offers of military assistance from the United States. Building such a relationship could—as it did in the past—cause problems for the Chinese leadership.

China also has a problem in terms of its relations with third world countries. Beijing already sacrificed to some considerable degree its leadership role among the more anti-status quo third world countries when it accepted a Sino-American relationship. The question now arises: is China simply to follow United States policy vis-à-vis the third world? If so, China will no longer have any basis for an independent foreign policy and thus for an important global role. China's leadership of the third world countries is the only claim China has to prominence in international politics.

The sudden opening of China to foreign influence, which seems to have been required in the pursuit of better relations with the United States, likewise seems to constitute a continuous worry. Xenophobia is still latent in China, and the leadership's opponents can take advantage of this, especially if xenophobia parallels unfulfilled expectations in terms of economic progress and material rewards.

CONCLUSION

In conclusion, while it seems unlikely that United States-China relations will deteriorate seriously, it also appears that the trend from friendship, to alignment, to alliance has ended and that the near future will be characterized more by friendship and alignment than alliance. Trade and cultural relations will probably continue to improve, while strategic relations will be frozen. Trade and other commercial relations have

(Continued on page 277)

John Franklin Copper, who lived in Asia for more than 10 years, is the author of *China's Global Role: An Analysis of Peking's National Power Capabilities in the Context of an Evolving International System* (Stanford: Hoover Institution Press, 1980) and *China's Foreign Aid: An Instrument of Peking's Foreign Policy* (Lexington, Mass.: Lexington Books, 1976).

"The People's Liberation Army constitutes the world's largest land army, the second largest navy, and the third largest air force. Yet there is considerable doubt as to how effectively this huge force can defend China."

Defending China in 1982

BY HARLAN W. JENCKS

Research Associate, Center for Chinese Studies, University of California at Berkeley

IN 1981, most Americans, including their leaders, finally realized that the People's Republic of China (PRC) is not a great military power. Yet ten years of talk about "playing the China card" has been premised on the notion that China is a significant military counterweight to the Soviet Union. The more Americans have learned about the People's Liberation Army (PLA), the less formidable it has appeared. In part, this revaluation has been a function of the ingrained habit of intelligence analysts to assume the "worst case" whenever they are uncertain. When China was hostile, it was assumed to be a formidable opponent; today, a relatively friendly China is viewed as dangerously weak.¹

Chinese officials now openly acknowledge that the PLA is not a "modern army." Although "military modernization" is one of the "four modernizations" that the Chinese are striving to achieve, Chinese leaders have made it clear that military modernization has the lowest priority of the four. There is one exception to this low priority; strategic nuclear weapons hold the same high national priority they have held since at least 1960. It should also be noted that a great deal of military modernization can be and is being achieved at relatively low economic cost. While military "hardware" modernization will be extremely expensive, it is likely to prove easier, all things considered, than the "software" problems that are already being addressed energetically.

A major constraint on weapons development is the Chinese commitment to self-sufficiency in production. China's leaders wish to avoid the dependence on foreign arms suppliers which characterizes so many third world armies and which China experienced during

the 1950's. Moreover, equipping China's huge force with foreign-made arms would be astronomically expensive. Achieving self-sufficiency will take longer, but the commitment seems to be firm. Even in 1977-1978, when PLA delegations were "shopping" for weapons systems all over Europe, the goal was licensed production in China, rather than just purchase.

Since the economic retrenchment of early 1979, weapons shopping has virtually ceased. But the Chinese have continued to import "gray area" technology that is applicable to both civilian and military purposes, including modern metallurgical technologies and advanced electronics. The latter can be applied to a wide range of civilian needs, for example, but can also enhance PLA capabilities as diverse as antisubmarine warfare (ASW), marine navigation, communications and target acquisition. Moreover, "gray area" technology enhances China's domestic research and development capability. This was clearly demonstrated in May, 1980, when a French SA321 helicopter retrieved the instrument capsules fired into the Pacific during the first Chinese intercontinental ballistic missile (ICBM) tests.²

The Chinese continue the practice of "backward engineering," despite its proven drawbacks. During the 1960's, working from a few Soviet-made originals, Chinese engineers laboriously derived blueprints, specifications and finally production lines for Chinese copies of the MiG-21 FISHBED fighter and the Tu-16 BADGER bomber. The resulting aircraft, called the F7 and the B6 respectively, have not proved successful, because China has not been able to duplicate Soviet electronics and, especially, metallurgy. Pirating relatively sophisticated foreign technology has not proved cost-effective, because it requires too much time and money and absorbs too much of China's most limited resource, educated manpower.

Less sophisticated items can be copied with greater success, however, and a number of Soviet transport aircraft and helicopters were copied in the 1970's (e.g., An-12, An-26, and Mi-8). No Chinese copies of Berliet heavy trucks have yet been confirmed, but their appearance would hardly be surprising. Meanwhile, French-made Berliets are hauling PLA supplies and towing artillery pieces.³

¹A generally declining evaluation of PRC military power is evident between 1969 and 1981 in *The Military Balance*, published annually by the International Institute for Strategic Studies in London. Also note the contrast in tone between, for example, Angus M. Fraser, *The People's Liberation Army: Communist China's Armed Forces* (New York: Crane Russak, 1973) and Harvey W. Nelson, *The Chinese Military System*, 2d ed. (Boulder, Col.: Westview Press, 1981).

²*Xiandai Junshi* (Contemporary Military Affairs [Hong Kong], cited hereafter as XDJS), no. 45 (August, 1980), p. 3.

³XDJS, no. 35 (September, 1979), p. 22; and *Jiefang Jun Huabao* (Liberation Army Pictorial [Beijing], cited hereafter as JFJHB), no. 11 (November, 1981), pp. 13-16.

Table 1: Chinese Nuclear Forces

Designations	Number Operational	Propulsion	Range	Remarks
CSS-1	50	1 stage-liquid	1,100+ Km	20KT warhead
CSS-2	65-80	1 stage-liquid	3,000+ Km	1MT warhead
CSS-3	5-10	2 stage-liquid	6,000+ Km	1-3MT warhead
CSS-4	a few possible	2 stage-liquid	12,000+ Km	Operational version of CSS-X-4
B6 Bomber*	90	2 turbojets	4,800 Km	Obsolescent

*PRC copy of Soviet Tu-16 badger.

Sources: *Military Balance*, 1981-82, *Jane's Weapon Systems 1981-82*, and author's estimates.

Almost all PLA equipment embodies the technology of the 1950's and needs replacement. Because of space limitations, only a few of China's more urgent military needs will be addressed here.

NUCLEAR WEAPONS

The strategic nuclear program enjoys a top national priority. China's current nuclear forces provide a "minimum deterrent" (see Table 1). Twenty-five years of research and development have provided a family of single- and multiple-stage liquid-fueled missiles. The CSS-1 and CSS-2 are deployed close to China's northern and western borders. Most of them are hidden in caves; a few can be hauled around by trucks or by rail. The few CSS-3's and (possibly) CSS-4's are sited in isolated mountain valleys in caves or concrete silos. The CSS-3's are located in Qinghai and Tibet; the CSS-4's could well be hidden in central China. This dispersion and concealment, plus the mobility of the shorter-range missiles, would make a successful Soviet "first strike" a very chancy business.

On the other hand, these are all relatively primitive missiles, which require several hours to erect, fuel, warm up and aim. They must be defueled after a limited period of launch readiness, and they are extremely vulnerable to attack (conventional as well as nuclear) once launch preparations begin. This situation might present decision-makers in Beijing with a dilemma. In a crisis, they might have missiles ready to launch, but they would face the probability that conventional land or air attacks might overrun or destroy CSS-1 and CSS-2 sites before any Soviet nuclear attack occurred. This might well increase China's temptation to launch its missiles before they were lost. The com-

munications system that links Beijing with the missile sites is also in question. How reliable would communication be under conventional attack?

The CSS-3's and (once they are deployed) the CSS-4's are considerably less vulnerable and probably could not all be destroyed by non-nuclear means. It is significant that so few of these missiles are deployed; the Chinese have only enough to threaten nuclear retaliation against a few Soviet cities.⁴ They will probably continue with this "minimum deterrent" strategy, at least until a new generation of solid-fuel land- and sea-based missiles becomes available a decade or more hence.

Solid fuel development for heavy missiles is well under way, as is the development of a submarine-launched ballistic missile (SLBM). Sea trials of a nuclear-powered SLBM submarine are reportedly under way as well.⁵ A single CSS-X-4 booster orbited three satellites on September 20, 1981. This indicates that multiple independently targeted reentry vehicle (MIRV) development is also progressing.⁶ The relatively small yields of recent Chinese nuclear test explosions indicate that research is also proceeding on tactical nuclear weapons. Deployment of tactical warheads will require at least several more years.

At medium and high altitudes, the Chinese early-warning radar net has huge gaps, while at low altitudes (below 5,000 feet) there is virtually no coverage. About 100 surface-to-air missile (SAM) sites protect major industrial and political centers with copies of the obsolescent Soviet SA-2 GUIDELINE. There are also some 9,000 antiaircraft guns, some of which are radar-controlled. All Chinese radars and the SA-2 are vulnerable to Soviet electronic countermeasures (ECM). Thus China's cities have little air defense. Worse, PLA ground and naval formations are entirely lacking in the modern tactically mobile SAM's and guns necessary to defend themselves against Soviet tactical airpower.

Nearly all the 4,600 or so fighter interceptors of the PLA Air Force and PLA Naval Air Force are effective only in daylight and fair weather (Table 2). Only a few have even limited night/foul-weather intercept capability. Since they are controlled tightly by ground radar controllers, Chinese fighters are further limited by poor radar coverage and the vulnerability of radars

⁴Chinese nuclear missiles are all "city-busters," lacking the precise guidance necessary for "counter-force" targeting. For sources and details see Harlan W. Jencks, *From Muskets to Missiles: Politics and Professionalism in the Chinese Army* (Boulder, Col.: Westview Press, 1982), pp. 158-159 and pp. 194-200.

⁵China's first nuclear-powered submarine was launched in 1972, but lacked SLBM tubes and never successfully went to sea. The second, with launch tubes, was launched in 1981. *Ibid.*, p. 161; and Bradley Hahn, "PRC, A Nuclear Warfare Capability Perspective," *XDJS*, no. 58 (September, 1981), pp. 8 and 13.

Table 2: Combat Aircraft of the PLA Air Force and Navy

PRC Designation	Soviet Designation	NATO Designation	Number Operational	Remarks
FIGHTERS				
F4	MiG-17F	FRESCO	1,900+	Obsolete
F5	MiG-17PF			
F6	MiG-19	FARMER	2,400	Obsolescent. An unknown number have limited all-weather capability
F7	MiG-21	FISHBED	100	F7 inferior to MiG-21
ATTACK AIRCRAFT				
A5	—	FANTAN	500	PRC designed. Also called F9 and F6bis
B5	Il-28	BEAGLE	400 (Air Force) 130 (Navy)	Obsolete. Naval BEAGLES all modified to be torpedo bombers
F2	MiG-15	FAGOT	100	Obsolete fighter converted for ground attack

Sources: *Military Balance*, 1981-82 and author's estimates.

To conduct modern combined-arms operations, the PLA needs tactical air support. At present, this can be provided only by such flying antiques as the B5 BEAGLE and F2 FAGOT, and the Chinese-designed A5 FANTAN. The latter is actually a heavily modified F6 FARMER, which went into production in the early 1970's. Reportedly, the FANTAN is underpowered and unstable, but it is the only significant fighter-bomber in the PLA inventory.⁷ Tactical air support of ground troops also requires reliable and flexible communications, standardized tactical procedures and doctrine, and training—all of which are currently lacking.

⁷The PLA includes all services, including the air force and navy. On the FANTAN, see especially James B. Linder and A. James Gregor, "The Chinese Communist Air Force in the 'Punitive' War Against Vietnam," *Air University Review*, vol. 32, no. 6 (September-October, 1981), pp. 68-69; and *Jane's All the World's Aircraft*, 1980-1981 ed. (London, 1981), pp. 34-35.

⁸Xu Xiangqian, "Strive to Achieve Modernization in National Defense . . .," *Hongqi (Red Flag)* [Beijing], no. 10 (October, 1979), pp. 28-33, trans. in *Foreign Broadcast Information Service, Daily Report-China* (hereafter cited as *FBIS*), no. 203, pp. L12-L19; and Chief of Staff Yang Dezhi, "Several Questions Concerning Regularization," *Jiefang Jun Bao (Liberation Army Daily)* [Beijing], cited hereafter as *JFJB*, January 22, 1982, p. 1, cited by Beijing Radio, January 21, 1982, trans. in *FBIS*, no. 82-015, p. K2. For an incredibly optimistic report on maintenance management, see Beijing Radio, January 12, 1982, trans. in *FBIS*, no. 82-008, pp. K4-K5. For a more realistic call to conserve by training less, see *New China News Agency (NCNA)*, January 16, 1982, trans. in *FBIS*, no. 82-012, p. K9.

⁹Jencks, *op. cit.*, pp. 197-198; and *Christian Science Monitor (CSM)*, April 23, 1982, p. 2.

¹⁰On the problems of modernizing China's defense, industrial and research and development systems, see Harlan W. Jencks, "The Chinese 'Military-Industrial Complex' and China's Defense Modernization," *Asian Survey*, vol. 20, no. 10 (October, 1980), pp. 965-989, or Jencks, *Muskets to Missiles*, chapter 6.

Inadequate training is caused by the air force's short budget and faulty maintenance management. Spare parts, ammunition and fuel are often so hard to procure that flight training is severely limited. Demanding maneuvers that might burst seals and strain airframes and engines are avoided, and so is night or bad weather flying. In other words, Chinese commanders tend to avoid realistic training for fear of damaging or losing aircraft. This keeps aircraft availability rates very high, but it does not prepare crews for combat. The same is true of the navy and the tank, mechanized and artillery units of the ground forces.

By improving the logistical system to support intensified training with existing equipment, the PLA could improve its combat readiness considerably. An improved industrial base and a more rational distribution system for industrial products, therefore, could translate directly into "defense modernization" very concretely—without any new military technology. Because they recognize this fact, most senior PLA commanders may sincerely endorse the current national economic priorities.⁸

During the middle and late 1970's, PLA officials seriously considered a variety of West European systems that could improve China's air defenses. The only major contract actually signed (in December, 1975), was for Chinese production of the Rolls Royce "Spey" jet engine. The first Speys were successfully built in Xian in late 1979, but series production never began. Instead, the project is in abeyance—reportedly because there is no suitable Chinese airframe to mate with the engine.⁹ This ill-considered expenditure of hard currency probably helped convince China's leaders of the impracticality of trying to inject a single high-technology subsystem into China's generally backward military-industrial system.¹⁰

In 1977-1978, the PLA expressed interest in a num-

ber of fighters including, most notably, the British "Harrier" vertical take-off and landing fighter-bomber. The Chinese were reportedly set to sign a contract for up to 90 Harriers, but economic retrenchment in the spring of 1979 delayed the deal indefinitely.

SHOPPING FOR TECHNOLOGY

In the course of this "shopping," the Chinese learned a great deal. In fact, some Europeans became irritated by the many Chinese technical missions that did "little more than examine equipment. Some even suggest[ed] China [was] seeking cheap consultancy advice and [had] little intention of buying."¹¹

The Soviet Union continues to provide an indirect source of modern technology for China. Since about 1976, China and Egypt have engaged in a symbiotic exchange. China trades Chinese aircraft and spare parts (for Egypt's Soviet-made air force) for sample late-model Soviet weapons from Egypt. The Chinese have thus acquired samples of the sophisticated swing-wing MiG-23 FLOGGER-E fighter. MiG-23 technology will reportedly be used in a new aircraft identified as "F12."¹²

In 1977-1978, the Chinese also expressed considerable interest in several European SAM's—most notably the French "Crotale" and the French-German "Roland." Again, the economic retrenchment of 1979 and European compunctions arising from the Chinese invasion of Vietnam ended negotiations indefinitely.

For reasons of economy and national self-sufficiency and because of the "technology gap," the Chinese have chosen to forego large-scale foreign weapons transfers for the time being. Instead, they are making incremental improvements based on existing weapons, supplemented by a few carefully selected "gray-area" imports. Thus, the PRC has purchased a few air-traffic-control radars, simulators and a variety of computers—all of which provide some immediate improvements while helping to train a new generation of technicians.

The Chinese are reportedly preparing to start production of the F8, a delta-winged interceptor based on existing and pirated designs that has been under development for a decade. The F8 will probably be another incremental improvement on the designs of the past—certainly not a technical breakthrough. But it will provide a small improvement in Chinese air power at little cost in foreign exchange, and it remains entirely within domestic industrial capability. New SAM's

¹¹*Far Eastern Economic Review (FEER)*, November 16, 1979, p. 21. For an excellent analysis see Douglas T. Stuart and William T. Tow, "China's Military Turns to the West," *International Affairs* (spring, 1981).

¹²*XDJS*, no. 26 (December, 1978), pp. 13-18; *CSM*, January 19, 1978, p. 2; *Aviation Week and Space Technology*, September 10, 1979, p. 19; *Financial Times* (London), September 21, 1979, p. 1.

¹³*Military Balance*, 1981-82, p. 74.

also are under development, and one naval SAM (tentatively identified as CSA-N-1) may at last be operational with the fleet.

GROUND FORCES

A similar situation exists with regard to the ground forces, where there is, in general, a 25-year "technology gap." This is true in almost all categories. Until recently, the best antitank (AT) weapons were conventional and recoilless guns with ranges of less than 1,500 meters. The standard Type-59 medium tank is a modified copy of the old Soviet T-54 (circa 1954). The designs of virtually all artillery pieces and most chemical warfare equipment are 30 years old.

In 1977-1978, PLA "shoppers" showed considerable interest in modern Western ground weapons systems. They clambered over British "Chieftain" and German "Leopard II" tanks and examined various armored personnel carriers. They also observed modern long-range precision-guided antitank weapons—notably the "HOT" and "MILAN" systems. Again, however, no contracts were signed. Instead, again, the Chinese decided to settle for a "second best" weapon, which is cheap, simple and "Chinese." In 1979, they went into production with a copy of the 20-year-old Soviet SAGGER AT missile, a system the Russians are now replacing. It may be old, but at least the PLA now has a reasonably useful long-range AT system where there was none at all.

Reportedly, a "new" tank, designated Type-69, is now in production.¹³ It will probably prove to be a somewhat improved Type-59—possibly with a smoothbore gun copied from an Egyptian-supplied Soviet T-62. A Chinese-designed 130 millimeter (mm) multiple rocket launcher (MRL), the Type-63, is now in service. Based on similar Soviet designs, it enhances PLA firepower, using a relatively simple, inexpensive technology. Moreover, it is mounted either on a truck or a Chinese Type-531 personnel carrier. A Soviet 122mm howitzer dating from 1938 has been mounted on the same carrier, creating the PLA's only self-propelled howitzer. It appears to be a defective design, however; firing it almost certainly damages the carrier's suspension system.

To improve antitank defenses, the Chinese have adapted to their limited means the sophisticated concept of artillery-deliverable mines. They are using their ancient Soviet-made BM-13 "Katyusha" MRL's to launch unique Chinese rockets that scatter parachute-deployed AT mines. In another ingenious application of obsolete equipment, they have used BEAGLE bombers to scatter these same parachute mines.

THE NAVY

The PLA Navy (PLAN) has always been primarily a coastal defense force. The world's largest fleet of small, high-speed patrol craft is remarkable; these

Table 3: PLA Navy Warships

Type	Number Operational	Principal Armament
Destroyers*	15	STYX missiles, assorted guns (100-130 mm)
Frigates*	10	STYX, Guns
	2	SAM, Guns
	5	Guns
Corvettes*	46	Guns
Patrol Escorts*	9	Guns
Fast Attack Craft	195	STYX
	400	Guns
	250	Torpedoes
Submarines (diesel-electric)	90	Torpedoes
Submarines (nuclear)**	1	Torpedoes
	1	SLBM

*Various types of antisubmarine warfare gear on these types.

**Neither nuclear submarine is operational in mid-1982.

Sources: *Military Balance*, 1981-82, *Jane's Weapon Systems*, 1981-82, and author's estimates.

Table 4: PLA Manpower

Ground Forces:		3,600,000
Main Force:	2,600,000	
Regional Force:	1,000,000	
Navy		360,000
Air Force		490,000
Strategic Missile, Headquarters, and miscellaneous		50,000
TOTAL		4,500,000

Sources: *Military Balance*, 1981-82 and author's estimates.

boats are mostly Chinese-built and designed and are very fine boats indeed. Their serious shortcoming is their lack of modern weapons. Many are armed only with conventional guns and torpedoes, while others mount a copy of the Soviet SS-N-2A STYX naval cruise missile. Although the STYX has never been effective in heavy seas, it was a formidable weapon in the mid-1960's. Today, however, it is extremely vulnerable to electronic countermeasures.¹⁴

Coastal defense is reinforced by a huge (90-plus) fleet of diesel-electric submarines—most of which are copies of the Soviet "Romeo" and "Whiskey" classes, dating from the late 1940's. They are armed only with unguided torpedoes and have limited range, but are well suited to the close-in defense of China's coast.

Since the late 1960's, the PLAN has been slowly

acquiring Chinese-designed destroyers and frigates (Table 3), but production has accelerated since about 1980. This increased emphasis on major surface combatants is clearly related to China's expanding maritime trade, to the contending claims of China and several other states to islands in the South China Sea, and to the increased activity of the Soviet Navy in Far Eastern waters. Again, however, these ships are poorly armed. All antisubmarine warfare equipment is of 1950's Soviet vintage, the only surface warfare missile is the STYX, and only two "Jiangdong" class frigates mounting the problematical CSA-N-1 missile provide any semblance of modern air defense. The PLAN still is effectively restricted to defensive operations within range of shore-based SAM and aircraft support.

In 1977-1978, the PLAN was interested in naval mountings for the "Crotale" and "Roland," the Italian OTO 76/62 compact gun, the French "Exocet" cruise missile and various advanced ASW systems. One recent observer speculates that several Chinese naval missiles and ASW systems are under development, but offers little evidence.¹⁵

SIZE AND DEPLOYMENT

Total uniformed PLA strength is roughly 4.5 million (Table 4). Of this total, approximately 3.6 million are ground forces, of which about one million are regional forces (RF) under the direct command of the eleven military region (MR) commanders. The remaining 2.6 million are main forces (MF) troops that are controlled directly by Beijing. They are organized into 37 corps (*jun*), some 12 separate infantry divisions, 11 tank divisions, and about 22 artillery divisions, plus engineer, signal transport and various other support units.

Nearly half of the main forces troops are positioned to defend the vital industrial, political and population centers of the northeast. Most tank divisions and a preponderance of airpower are also stationed in that area. Three corps face Taiwan, while at least five face Vietnam. The far west is only thinly defended.¹⁶

The gross numbers are staggering. The People's Liberation Army constitutes the world's largest land army, the second largest navy, and the third largest air force. Yet there is considerable doubt as to how effectively this huge force can defend China.

SOFTWARE: MEN AND DOCTRINE

If and when industrial modernization has been achieved, the modernization of China's military hard-

(Continued on page 274)

¹⁴CSM, May 28, 1982, p. 6; and Bradley Hahn, "PRC Tactical Naval Missile Systems (parts 1 and 2)," *XDJS*, nos. 62 and 63 (January and February, 1982).

¹⁵*Ibid.*

¹⁶Current estimates by author based on *Military Balance*, 1981-82.

Harlan W. Jencks is adjunct professor of national security affairs at the Naval Postgraduate School, Monterey, California, and the author of *From Muskets to Missiles: Politics and Professionalism in the Chinese Army, 1945-81* (Boulder, Col.: Westview Press, 1982).

"Because China has about 22 percent of the world's population, reducing its population growth rate will clearly make a major contribution to holding down the world's population growth rate."

China's Population Policy

BY KUAN-I CHEN

Professor of Economics, State University of New York at Albany

HUMAN society has been in existence for over a million years. But the world population probably did not pass the 200 million mark until the time of the early or middle Roman Empire.¹ Then the world population doubled from 1,000 million to 2,000 million in 100 years, between 1830 and 1930, and doubled again in 45 years, reaching over 4,000 million by 1975.²

China's population growth followed a similar pattern. China's population fluctuated at less than 60 million for 1,500 years, from the Mid-Han Dynasty (206 B.C.-220 A.D.) to the late Ming Dynasty (1368-1644).³ Then, in less than 300 years, the population increased to 426 million⁴ in 1901. The count rose to 541 million in 1949, when the People's Republic of China was founded. However, during the next 32 years the population nearly doubled, reaching 996 million by the end of 1981.⁵ About 39 percent of China's population is now 15 years old and below. Around 65 percent is 30 and below, while only about 5 percent of the population is 65 and over. With an average age of 26, China not only has the largest population in the world; it has also probably the youngest population in the world.⁶

The demographic situation in China before 1949 featured a high birthrate and a high death rate, with a population growth rate substantially below 1.0 percent. For the period 1949-1981 as a whole, the average annual rate of population growth was 1.8-1.9 percent.⁷

¹Kuan-I Chen, *World Population Growth and Living Standard* (New Haven: College and University Press, 1960), p. 18.

²Wenruo Hou, "Population Development in China and the World," *Beijing Review*, February 8, 1982, pp. 24-25.

³Shiyi Li, "Development Trends in Chinese Population Growth," *Beijing Review*, January 11, 1982, p. 23.

⁴"China Today (1): Population & Other Problems," *Beijing Review Special Feature Series*, April, 1981, p. 13.

⁵"Communiqué on Fulfillment of China's 1981 National Economic Plan," *Beijing Review*, May 17, 1982, p. 24.

⁶Xueyuan Tian, "A Survey of Population Growth Since 1949," in *China's Population: Problems & Prospects* (Beijing, China: New World Press, 1981), p. 42.

⁷"A Western Assessment of Prerevolutionary China's Demographic Prospects," *Population and Development Review*, June, 1980, pp. 317-322.

⁸Xueyuan Tian, *op. cit.*, p. 32.

During 1949-1952, the end of the civil war and the rehabilitation of the economy brought about a decline in the death rate to 17-18 per thousand while the birthrate remained at around 37 per thousand. As a result, the annual population growth rate increased to about 2.0 percent.

The first population boom occurred during 1953-1957. The birthrate dropped slightly, while the death rate dropped sharply, from 14 per thousand in 1953 to 11 per thousand in 1957; thus the average growth rate for the period was 2.4 percent. During 1958-1962, while China went through the disastrous campaign of the Great Leap Forward and the unusually poor crop years of the early 1960's, no reliable data for birthrates and death rates were available. But the average annual growth rate for this period was reported to be about 0.49 percent.

The second population boom occurred during 1963-1972. The birthrate dropped steadily, from as high as 43.6 and 39.3 per thousand in 1963 and 1964 to around 30.0 per thousand toward the end of this period. The death rate dropped steadily, from 10.0-11.0 per thousand to 7.3 per thousand. As a result, the growth rate actually declined from 3.3 percent to 2.2 percent. However, for the period as a whole, the average annual growth rate, 2.6 percent, was higher than the growth rate during the first population boom.

Finally, since 1973 there has been another period of declining population growth rate. The birthrate has dropped steadily, from around 28 per thousand in 1973 to around 18 per thousand in recent years, while the death rate has leveled off at 6-7 per thousand. Thus the annual growth rate dropped steadily from 2.1 percent in 1973 to around 1.2 percent in 1977-1980 and 1.4 percent in 1981. Such a sharp drop in the birthrate and the growth rate in a relatively short time represents a remarkable achievement in demographic transition.⁸

China has gone through a demographic revolution which resulted in an enormous population explosion, but it has successfully reduced both the death rate and the population growth rate. The population growth rate of most of the less developed countries (LDC's) today is still around 2.0-3.0 percent; thus China's success in holding down the rate to 1.2 percent or 1.4

percent should be regarded as an accomplishment. China has already brought the death rate down to a level that is considered very low by world standards, and it is not expected to drop any further. Therefore, if China is determined to reduce its population growth rate further it need not worry that a drop in the death rate would offset a reduction in the birthrate.

Since China has cut its population growth rate in half during the past 10 years, why have China's leaders set even more stringent targets for fertility reduction by formally adopting the goal of a one-child family? There are a number of reasons. First, the population booms in 1953-1957 and 1963-1972 boosted the number of women of reproductive age to 122.5 million by 1980. Their average fertility rate was 2.3 babies. If this rate continues, the population will reach 1.28 billion by 2000. By 2080, the population will surpass 2.5 billion.⁹ About half the population is now less than 20 years old; and an average of 20 million will marry and bear children each year as the century draws to a close, resulting in a new population boom. In addition, more than 20 million young people will enter the labor market every year.

Chinese demographers are aware of the implication of this development. If one looks at the population growth rates for 1973-1980, one may conclude that the rate has declined and then leveled off around 1.20 percent in recent years. However, because the rate was 1.39 percent in 1981, it is possible to estimate that the rate actually reached the bottom (1.17 percent) in 1979 and may climb slowly in the future. Therefore, a new population boom may have begun.

Second, the government is concerned about the shortage of funds for the maintenance and education of an unrestricted number of additional children. It has given wide publicity to a 1978 estimate that the rapid increase in population is detrimental to increasing the speed of capital accumulation necessary for the four modernizations, because a population increase competes with capital accumulation for limited government resources. It has been estimated that the cost of raising a child in China to the age of 16 costs 1,600 yuan (1 yuan = US\$.60) in the rural areas, 4,800 yuan in small and medium-sized towns, and 6,900 yuan in large cities. If the child graduates from college, the extra cost will be 6,000 yuan. The total state, collective and individual family expenditure on the maintenance and education of the 600 million children born after 1949 amounted to one trillion yuan, or 30 percent of

the national income for the 30 years since that year. About 30 percent of the one trillion yuan is financed by the state and the collective; the remaining 70 percent is financed by the families.¹⁰

Third, rapid population growth hinders the rapid elevation of the population's scientific and cultural level. In spite of all the efforts expended on education since 1949, only 94 percent of all children of primary school age are in school today; only 88 percent of the primary school graduates enroll in junior middle school; less than half the junior middle school graduates go on to senior middle school; and only 5 percent of the senior middle school graduates enter college. Thus more than half the young Chinese do not receive a complete secondary education; this handicaps the effort to raise China's general scientific and cultural level to the standard of an industrial nation.

Fourth, China's leaders are fully aware of the magnitude of the task of raising living standards. A slow or zero population growth will make this goal easier to achieve. Between 1953 and 1978, consumption expenditures in China increased 2.8 times, but because the population increased by 66.7 percent, the per capita consumption increased only 1.3 times. Thus China still has a very low living standard. China's foodgrain output reached 332.1 million metric tons (mmt) in 1979. But because of poor weather and an acreage reduction for foodgrain, output dropped to 318.2 mmt in 1980 and increased only to 325.0 mmt in 1981, still below the 1979 level. Even though the annual net population increase in recent years—around 12 million—is lower than the annual increase during the period 1967-1973—over 20 million—the per capita foodgrain output in 1980 and 1981—323.8 kg (kilograms) and 326.2 kg, respectively—has not yet recovered to the 1979 level of 342.0 kg.

From a long-term view, there has not been any significant increase in the foodgrain output per capita in China for 25 years. For example, the per capita foodgrain output was 307 kg in 1956; the improvement in the per capita output has been slow because of the population increase. China's leaders want to improve the Chinese diet, but a per capita foodgrain output of 400 kg is needed to raise the quality of the diet to the minimum acceptable level. (For comparison, the per capita annual foodgrain output of the United States in 1976 was 1,375 kg.)¹¹ According to past performance, even the level of 400 kg will not be reached before 1990 unless the population growth rate drops below 0.5 percent or to zero by the end of the decade.

Fifth, other population pressures demand a more stringent population target. The estimated per capita cultivated land in China declined from 42.2 mu (one mu is equal to one-sixth of an acre) in 606 to 11.5 mu in 1578 and to 2.3 mu in 1812 and 2.6 mu in 1949. It is about 1.5 mu today.¹² Along China's northeast, northwest and southwest frontiers there are an esti-

⁹Shiyi Li, *op. cit.*, p. 23.

¹⁰Muhua Chen, "For the Realization of the Four Modernizations, There must be Planned Control of Population Growth," excerpted from *Renmin Ribao*, August 11, 1979, translated in *Population and Development Review*, December, 1979, pp. 723-30.

¹¹"China Today," *op. cit.*, p. 11.

¹²*Ibid.*, p. 19.

mated 500 million mu of reclaimable land; but it is not clear how productive this would be after reclamation. Nonetheless, one fact is clear: the reclamation of wasteland will be very costly.¹³

Another pressure is the uneven geographical distribution of population. The eastern half of the nation comprises about 41 percent of the land area but contains 91 percent of the population, while the western half accounts for 59 percent of the land area and contains only 9 percent of the population. Although the average population density in 1979 was 101 persons per square kilometer for the nation as a whole, it was 222 in the eastern half and only 16 in the western half. Within the eastern half, the population density was high on the plains (where available cultivated land is concentrated) and low in the mountainous region. Therefore, in some provinces in the eastern half of the nation, the population density exceeds 600, making these provinces among the most densely populated regions in the world.¹⁴ In 1979, the world's average population density was 30 and China's population density was 101, more than three times the world average. In terms of per capita cultivated land, only Egypt and Japan, with 1.11 mu and 0.7 mu respectively, are more densely populated than China.¹⁵

Sixth, rural population still makes up about 80 percent of the population in China today. The rural response to the appeal for family planning usually lags behind the urban. In 1979, the national birthrate and death rate were 17.9 and 6.2 per thousand respectively, with a national population growth rate of 1.17 percent. But the birthrate and death rate for the rural population were 18.5 and 6.4 per thousand respectively—a growth rate of 1.21 percent for the rural area—while the birthrate and death rate for the urban population were 13.9 and 5.1 per thousand respectively—a growth rate of only 0.88 percent for the urban area. Any further drop in the population growth rate will necessitate the decline of the birthrate in rural areas. But any further decline in the rural birthrate will meet greater resistance in the rural areas, where conservative and feudal ideas still prevail and where the facilities for family planning are less adequate. Therefore, the government will have to apply a more stringent target for fertility reduction in both rural and urban areas.

Finally, the smaller family is now regarded as part of the solution to the problems of population pressures

and economic constraints. Without very strict limits on family size, the national goal of attaining a per capita gross national product (GNP) of US\$1,000 by the year 2000 will be in jeopardy. In 1980, the National People's Congress was informed that the GNP would grow at an average rate of 7.5 percent for the remainder of this century. The goal of US\$1,000 by 2000 will be attained if the average family has only 1.5 children. If the average family has 2.0 children, an annual GNP growth rate of 8.1 percent would be required, a growth rate considered unattainable. However, if the GNP grew at a rate of only 6.8 percent annually (the 1980 rate), a zero population growth rate would be required to reach the goal of US\$1,000 by 2000.¹⁶

In view of these pressures, as early as 1979 the government aimed for a zero population growth by the end of this century, believing that the suitable population size for China in the next 100 years should be between 650 million and 700 million.¹⁷

In order to reach this goal, the government embarked on a two-stage plan. In the first stage, the rate of population increase would be slowed from 1.2 percent to 0.5 percent by 1985. In the second stage, the rate of population growth would be reduced to zero by the year 2000. The first stage called for reducing and then eliminating three-child families and increasing the number of one-child families. Thereafter, one-child families would be the norm. Based on 1978 figures, if third births could be eliminated, the birthrate would fall from 18.3 to 13.0 per thousand and the population growth rate would fall from 1.2 percent to below 0.7 percent by 1985. In addition, if the number of one-child families increased, the growth rate would fall to 0.5 percent.¹⁸

The trend toward greater population control was fairly consistent through the 1970's, but specific requirements have changed as the magnitude of the population problem has become clearer. In 1971, the requirements for family planning could be expressed in the slogan, "late, sparse and few." "Late" meant late marriage and postponing child-bearing as long as possible after marriage. The Marriage Law in the early 1950's stipulated the minimum marriage age at 20 for men and 18 for women. But many localities had stipulated their own stricter standard. The common standard was 25 for males and 23 for females in the countryside, and 26 for males and 24 for females in the towns.

"Sparse" meant a long interval between the birth of the first and the second child—commonly four years. "Few" meant fewer children. Many methods of contraception were recommended, and contraceptive information was made available. The number of people practicing birth control through various forms of contraception was reported to have increased from 13.05 million in 1971 to 23.59 million in 1977.

At the third session of the fifth National People's

¹³Shiyi Li, *op. cit.*, p. 24.

¹⁴Zhuo Zhu, "Rationalization of Population Distribution," in *China's Population: Problems & Prospects*, pp. 94-101.

¹⁵Xueyuan Tian, *op. cit.*, pp. 45-46.

¹⁶Leo F. Goodstadt, "China's One-Child Family: Policy and Public Response," *Population and Development Review*, March, 1982, p. 42.

¹⁷Muhua Chen, *op. cit.*, p. 726

¹⁸Jian Song, "Population Development—Goals and Plans," *China's Population: Problems & Prospects*, pp. 27-30.

Congress in 1980, the State Council called for "only one child per family." Although the family planning program is still based on the policies of "late, sparse and few," the "few" is now interpreted as meaning a one-child family instead of a two-child family norm.¹⁹ Article 5 of the New Marriage Law of 1980²⁰ raised the minimum marriage age for males and females to 22 and 20 respectively. However, this change does not affect the practice of "late," because most localities have already set a far stricter minimum marriage age. In Article 12, the New Marriage Law also stipulates that husband and wife are obligated to practice family planning. According to Article 23 of the draft of the revised Constitution of China (completed on April 21, 1982), the state now advocates and encourages family planning so that population growth can conform to the plans of economic and social development in various fields.²¹ Thus local family planning regulations (decrees) now have a stronger legal basis.

A FERTILITY TARGET

In both urban and rural areas, the planned fertility program is now under the direction of party committee members at all levels. On an operational level, the program is in the hands of "planned fertility work leadership groups" that have been set up in cities, factories, commune and production brigades.

At the commune level, where 80 percent of the Chinese population reside, there are planned fertility propaganda teams, called "planned fertility forefront teams," that visit the production brigades to publicize the meaning, advantages and technical aspects of planned fertility. Each team is composed of cadres, barefoot doctors and midwives. There are also planned fertility propaganda groups at the production brigade level. They visit households to publicize planned fertility and to offer assistance and advice on sterilization. The leadership groups and the propaganda teams prepare their own propaganda materials for distribution to the households or for discussion purposes in study sessions.

Chinese leaders believe that the most crucial factor in the successful implementation of the planned fertility program is an awareness of the need for planned fertility generated among the masses themselves, an awareness that can be heightened by the process of "thought work." The "thought work" can be facilitated by impersonal communication channels, like wall pos-

ters, newspapers and books. But these channels may not cater to the particular needs of individuals. Therefore, interpersonal communication channels like "study" meetings are essential, and these meetings are held in large and small groups. "Study" activities are designed mainly for married couples, but they are also organized for single young people.

One important decision made through "study" activities is the setting of a fertility target (i.e., the number of babies that may be expected to be born in a given year) by each commune, each brigade and each production team. The target thus set is determined by the collective unit's fertility performance in previous years, current conditions in the collective, and any new regional or national goal. The fertility targets of the teams and brigades together should equal the target of the commune.

With the target or quota in mind, women who plan to have babies will engage in group discussion in order to work out who may have a baby that year. For example, the group may decide that Mrs. X, who already has two children, should not have more, while Mrs. Y, who is still childless after 4 years of marriage, should have higher priority. Through a process of give and take, the group establishes a collective plan. Similar arrangements of fertility quotas and assignments are practiced in factories, organizations and urban work units.²²

Married couples without children or with only one child are persuaded to pledge themselves to a one-child family. With the pledge, they commit themselves to an informal understanding that in the event of a second pregnancy, they will agree voluntarily to have an abortion. When a couple that make such a pledge have their first child, they obtain the formal status of a one-child family and receive a certificate that entitles them to a range of benefits—sterilization benefits, maternity benefits and other special benefits. In general, benefits for sterilization are offered in the form of leave of absence from work and a cash award of 20 yuan. If the couple has two or more children, this benefit is not available. The maternity leave of a mother for a first child is 54 days with full work points; for subsequent children the leave is reduced to 42 days with no work points. The mother also receives a nu-

(Continued on page 275)

¹⁹Wenruo Hou, "Population Policy," *China's Population: Problems and Prospects*, pp. 69-72.

²⁰"China's Marriage Law," *Beijing Review*, March 16, 1981, p. 24.

²¹"Draft of the Revised Constitution of the People's Republic of China, April 21, 1982," *Beijing Review*, May 10, 1982, p. 33.

²²Pedro Pak-tao Ng, "Planned Fertility and Fertility Socialization in Kwangtung Province," *The China Quarterly*, June, 1979, pp. 351-357.

Kuan-I Chen has taught at Talledega College and Fairleigh Dickinson University. Among his various publications are *World Population Growth and Living Standard* (New York: Bookman Associates, 1960), and, as coauthor, *China and India: A Comparative Development* (New York: Free Press, 1971). He has also published extensively on the Chinese economy. He visited China in 1975 and in 1979; in 1979 he made an extensive tour, visiting rural communes, rural industry, irrigation and water conservancy projects.

"Traditionally, China's emphasis on self-reliance and rural development has curtailed large-scale energy projects and placed an onus on the use of small-scale technologies. In the face of mounting industrial and urban concentration, this strategy has become increasingly incapable of sustaining widespread economic growth. And although the goal of maintaining self-reliance has not been discarded, it is now balanced with 'seeking foreign assistance as a supplementary means,' and creating 'favorable conditions for foreign investors.'"

Energy Development in China

BY AGATHA S.Y. WONG-FRASER

Center for Defense Studies, Aberdeen University, Scotland

COHHERENT answers to questions about Chinese energy development require reliable energy data and an appreciation of the nation's overall modernization strategy. Recently, more and more detailed information about the energy sector has been released by Beijing, and considerable progress has been made in the evaluation, organization, and estimation of data by Western researchers. China has also launched a more determined, pragmatic approach toward its modernization so it is now possible to trace historical and future energy development and confront select energy issues with a reasonable degree of confidence.

The composition, level and growth of per capita income are major indicators and determinants of overall energy requirements, and China's current drive for "front-line economic status" will have a direct impact on its energy development. More precisely, China's degree of success in managing the Four Modernizations—industry, agriculture, science and technology, defense—plus the complementary transformation of social, political, and cultural infrastructures (recently recognized as an "important objective as well as a necessary condition for the realization of the four modernizations"¹) will dominate energy expansion and simultaneously be affected by it.

While the planning and nascent implementation of the five modernizations mark the unfolding of a more practical attitude towards progress, allowing greater scope to economic stimuli and the blending of Western ideas and hardware, this does not mean that the economy has failed to move ahead in the past, nor that underlying trends are unrecognizable, nor does it mean that the broad relationship between overall expansion and energy growth has been obscured. On the contrary, even under a leadership giving greater

scope to political objectives and shunning foreign influences, these elements are all present. But today there are different outcomes; some sectors have been bolstered and others deprived, and different means of attaining goals have been emphasized.

Although economic improvement has been characteristically uneven from year to year, the long-term movement is noticeably upward—apart from the period of Great Depression, 1959-1961, when severe negative growth rates prevailed—and gross national product (GNP) per capita has more than doubled from US\$144 (1975 prices) in 1952 to \$332 in 1975. This progress is readily apparent from the growth rate calculations displayed in Table 1. It is also apparent from this tabled information that industrial output has been encouraged, rising steeply and outstripping growth in agriculture by a ratio of 3 to 1 in the late 1960's and early 1970's, and now accounting for approximately 58 percent of total GNP (agriculture's share is presently 24 percent and services' share is 18 percent).

Table 1: Agriculture, Industry and GNP Growth Rates, 1952-1975 (% per annum)

	1952-59	1959-61	1965-70	1970-75
Agriculture	4.44	-14.44	3.56	2.51
Industry	20.52	-21.60	9.50	8.79
GNP	6.69	-12.40	6.08	6.43

Source: C. Howe, *China's Economy: A Basic Guide* (London: Granada Publishing, 1978), table 1, p. xxiii.

Since energy consumption depends on the growth of individual industries and the intensity of energy usage within these industries, increases and structural changes in energy use correspond to these sectoral economic changes. Experiencing rates of growth in excess of other components, characteristically in double figures, industry and construction now consume a weighty two-thirds of total energy use—although at the outset their share was only one-fourth; conversely, because of the minor importance of services in the

¹See for example Communist party Deputy Chairman Ye Jianying's 30th anniversary speech, September, 1979; quoted in the U.S. Central Intelligence Agency (CIA), *China: The Continuing Search for a Modernization Strategy*, ER 80-10248, April, 1980, p. 19.

Table 2: Energy Consumption Growth and Structure, 1952-1974

	(1952) 1952-57	(1957) 1957-65	(1965) 1965-70	(1970) 1970-74	(1974)
Industry and Construction	(26) 45.31%	(37) 18.41%	(48) 15.72%	(57) 11.95%	(62)
Agriculture	(—) —	(1) 64.40%	(3) 20.00%	(4) 25.00%	(6)
Transportation	(12) 16.40%	(9) 6.98%	(8) 2.78%	(6) 4.69%	(5)
Residential and Commercial	(62) 19.19%	(53) 6.12%	(41) 3.95%	(33) 3.03%	(27)
Total	(100) 26.18%	(100) 11.35%	(100) 10.05%	(100) 9.17%	(100)

Note: Growth rates are in percent per annum. The figures in parentheses are the percentage of the total consumed by each sector.

Source: U.S. Central Intelligence Agency, *Energy Balance Projections A(ER)*, 75-75, November, 1975, pp. 7, 33.

economy, residential and commercial energy use has encountered deprived growth, its ratio falling from two-thirds to only one-fourth of the total. The growth of the transport sector has also been weak, and its proportionate importance has fallen, while recently agriculture's share has been increasing (see Table 2).

These broad interrelated economic and energy consumption trends are also associated with changes in the rate and composition of primary energy production and the pace of exploiting reserves. As with all areas of quantitative study, there is uncertainty about exact reserve and output levels,² but there are some magnitudes that are easier to pin down than others.

With the comparative ease of discovery and corroboration of coal reserves, it can be reasonably asserted that the People's Republic, along with the United States and the Soviet Union, is one of the world's largest coal producers, turning out more than one-half billion tons of raw coal each year. Standing third behind the Soviet Union and the United States in world rankings, China has reserves of at least 1.5 trillion tons.³ Furthermore, although they cannot be as accurately quantified, China also has impressive oil and gas resources. Reviewing 11 separate surveys of onshore and offshore reserve estimates made between 1970 and 1977, Vaclav Smil concluded that crude oil reserves are certainly no less than 3 billion tons and most likely no more than 10 billion (the upper value indicating that they are nearly as large as Soviet and marginally in excess of Iranian and Kuwaiti totals); estimates for natural gas have been calculated at a lower bound of 1,000 billion cubic meters, and an upper bound of 8,500 billion (actual reserves of 5,000 billion cubic meters would place China fourth behind the U.S.S.R., Iran, and the United States in world terms).⁴

In addition, for water resources, there are also far-

reaching stores—estimated at a generating capacity of 580 million kilowatts, representing an output 20 percent more than the Soviet potential and nearly double the United States capability. China also has the world's two largest potential hydrogeneration sites: a sharp bend of the Yailung Zangbo Jiang in the southeastern Xizang, and the San Xia (Three Gorges) section of the Chang Jiang.⁵

Development goals over the past 30 years have not led to a balanced exploitation of these reserves, however, and different sources have been brought into use at different periods and have experienced different rates of growth. Thus the proportionate contribution of the four main productive sectors has changed over time. From Table 3 it can be readily seen that while coal still supplies two-thirds of primary energy this contribution has progressively declined since 1949—when the economy was almost 100 percent solid fuel dependent. Notwithstanding annual fluctuations, oil and gas production has generally been faster and, mainly fostered by the fast expansion of industry, the share of hydrocarbons has risen over the past three decades, now standing at one-third of the primary energy supply. In contrast, hydroelectric power has not been much expanded, in spite of industrial and urbanization pressures, and its importance as a source of supply has not increased beyond a meager one percent.

ENERGY PROJECTIONS

Under the impetus of the five modernizations, how will energy development change over the next 20 years? Forecasting sectoral and aggregate output levels is also a field marked by uncertainty and speculation;⁶ nevertheless, with more definite information about preferences and production and consumption possibilities now emerging, it is possible to outline a picture of China's future progress.

Taking production capability, one normal feature of development tends to show through no matter how the economy is run. This is the often S-shaped path of industrial change—meaning that while growth is initially rapid in a new industry it diminishes and peters out over time. This trait is not obvious from calculating annual energy output growth rates between single years, but appears when one eliminates extreme observations and then recalculates annual average

²This speculation is particularly marked for the oil sector. See S. S. Harrison, *China, Oil, and Asia: Conflict Ahead?* (New York: Columbia University Press, 1977), especially chapter three, pp. 42-56.

³CIA, *Chinese Coal Industry: Prospects Over the Next Decade*, ER 79-10092, February, 1979, p. 1.

⁴Vaclav Smil, "China's Energetics: A System Analysis," in V. Smil and W. E. Knowland, eds., *Energy in the Developing World: The Real Energy Crisis* (Oxford: Oxford University Press, 1980), chapter 10, pp. 113-144.

⁵Vaclav Smil, "China's Water Resources," *Current History*, September, 1979, p. 61.

⁶See for example Harrison, *op. cit.*, chapter three.

Table 3: Primary Energy Production Growth and Structure, 1952-1975

	(1952) 1952-57	(1957) 1957-65	(1965) 1965-70	(1970) 1970-75	(1975)
Coal	(97) 22.92%	(94) 7.89%	(85) 7.50%	(76) 7.27%	(68)
Oil	(3) 30.00%	(4) 30.00%	(8) 30.59%	(14) 26.00%	(21)
Natural Gas	(—) —	(1) 137.50%	(6) 25.00%	(9) 14.07%	(10)
Hydroelectricity	(—) —	(1) 00.00%	(1) 20.00%	(1) 20.00%	(1)
Total	(100) 24.00%	(100) 10.00%	(100) 10.61%	(100) 10.63%	(100)

Note: Growth rates are in percent per annum. The figures in parentheses are the percentage of the total consumed by each sector.

Source: From Chu-yuan Cheng, "China's Energy Resources," *Current History*, March, 1978, Table 2.

rates of growth for longer time-spans.⁷ This is a characteristic of China's historical energy transition; it can therefore be used as a reasonable basis for the extrapolation of future output trends (see Table 4).

Table 4: Energy Growth by Sector, 1949-2000
(% per annum)

	Coal	Oil	Gas	Hydroelectricity
1949-50 to 1958-59	22.8	41.0	97.1	25.1
1959-60 to 1968-69	5.1	21.9	20.0	9.3
1969-70 to 1976-77	7.5	20.0	20.8	8.6
1977 to 1990 High	8.0	17.0	20.0	9.0
Low	6.0	12.0	15.0	7.0
1990 to 2000, High	7.0	15.0	17.0	8.0
Low	5.0	10.0	13.0	7.0

Source: See Table 3.

From the calculations shown in this table, it is clear that for each sector energy performance was less vigorous during the 1970's than in the 1950's. (Coal is the only fuel for which the 1960's were marked by noticeably smaller growth than in recent years: 5.1 percent from 1959-1960 to 1968-1969 compared with 7.5 percent from 1969-1970 to 1976-1977). Thus the more maturely developed a resource, the lower its rate of output growth: coal, the oldest extracted resource, also currently exhibits the lowest production rates. A further decline or leveling in sectoral production increments is therefore to be expected if these built-in energy trends continue; hence illustrative decreasing rates of growth for all fuels are contained in the table for 1977-1990 and 1990-2000.

To predict trends and evaluate targets other criteria can be used; but in the absence of more detailed economic data, general development standards are frequently applied in Chinese studies. Thus it has been

⁷To get a clearer idea of the typical rate of growth, the impact of wide fluctuation must be eliminated. One way of accomplishing this is to exclude the highest and lowest observations and then calculate an average (mean) rate for the remaining levels. For each of the three periods (1949-50 to 1958-59, 1959-60 to 1968-69, and 1969-70 to 1976-77) the two highest and lowest values were eliminated from the average rate calculation.

⁸Smil, "China's Energetics," p. 138. The CIA also concludes that China "almost certainly cannot double coal output over the next decade," *Chinese Coal Industry*, p. 8.

⁹R. W. Hardy, *China's Oil Future: A Case of Modest Expectations* (Folkestone, Kent: Wm. Dawson, 1978), p. 34.

¹⁰*Beijing Review*, September 22, 1980.

reasoned that China will soon run into the same costs, logistical and environmental problems in mining more than a half billion tons of coal annually that have already sharply curtailed growth to less than 2 percent per annum for the United States and the U.S.S.R., casting doubt on the aim of doubling coal output within the next ten years.⁸ And for oil it has been argued that sustaining the 20 percent growth level characteristic of earlier decades—apart from the necessity of further increasing capital investment and overcoming troublesome bottlenecks in related sectors—is complicated by the normal by-products of a longer production history: crude oil output increments become more expensive as cheaper sources are exhausted, and greater volumes of new production are needed to offset depletion from present wells.⁹

Taking into account these supplementary evaluations based on international experience therefore underscores the difficulty of maintaining recent rates of output growth. It also indicates that while the projections included in Table 4 are certainly in the right (downward) direction, even the low figures may overstate the rate of increase for fossil fuels. Indeed, the most recent production figures show that coal and oil output has barely risen over the past two years, and 1981 targets have been set at zero growth for oil and less than 2 percent for coal.¹⁰ In addition, China must come to terms with moving away from the most accessible coal mines as well as away from onshore oil fields. Taking an optimistic view, however, these current setbacks may simply be an intrinsic part of China's long-term readjustment, presaging more rapid rates of growth along the lines (though probably less than those) indicated in Table 4.

Beyond this short-term reorganization, the outstripping of coal output growth by oil and gas should definitely recur, especially when China comes to grips with offshore drilling. This supply-side differential growth prediction is buttressed by expected consumption patterns. Historically, there has been a strong correlation between production and consumption trends for individual fuels, and this is unlikely to change radically in the near future. Thus the coal-oil substitution, which has been induced by industry's rapid growth, will be sustained as this sector continues to move ahead faster than its rivals and shifts into more modernized liquid-fuel using areas. Additionally, China's commitment to raising agricultural productivity, mainly by

mechanization and improved fertilization, also means an increased use of petroleum and its related products. And while transport's transformation has been neglected in the past, its importance in facilitating growth in other parts of the economy ensures that its updating can no longer be overlooked; this will also reinforce the move away from solid fuels. Finally, the historical movement away from coal in residential and commercial use is also likely to continue and to place more emphasis on the use of gas.¹¹

The role of hydrocarbons in the economy may be modified by the fuller use of electric power in China, however. Although its growth has also declined, this traditionally underutilized energy source has a strong potential for more rapid expansion and hence for a robust contribution to the all-around transition.

MATCHING PRODUCTION AND CONSUMPTION

While supply and demand must balance, the question of domestic energy balance is especially important because a shortfall means that expectations will be left unfulfilled and that the progressive transformation of the economy as a whole will be set back.

Posing this question in numeric terms, the energy growth projections for each resource can be totaled¹² and compared with aggregate demand requirements. The statistical problem is whether a range of 8.2 percent to 11.3 percent overall supply growth from 1977-1990 and 7.7 percent to 10.8 percent from 1990-2000 can satisfy China's subsequent demand for energy.¹³ The statistical evidence suggests that overall economic growth can proceed at a pace roughly in line with Chinese expectations.¹⁴

At first glance, then, an increased role for electric power does not seem warranted. Fossil fuels alone can substantively meet overall consumption needs and give scope to relatively rapid economic and social development in the near future. Statements that "the inability to get hydroelectric development fully started makes the attainment of desired rates of GNP growth impossible,"¹⁵ or "without nuclear power the country's goal of all-around industrial, military and agricultural

development by the year 2000 will not be reached"¹⁶ therefore seem exaggerated and misleading. Simply looking at the aggregate energy picture to the year 2000 may conceal as much as it reveals, however, providing an incomplete outline and an inadequate basis for confidence in China's apparent position of energy security. Other features must be assessed.

AN ENERGY GAP?

The temporal dimension is one of the basic components that causes unease about dismissing these statements. If combined supply and demand estimates are extended beyond 20 years, then the heavy reliance on coal, oil, and gas seems to threaten the further advance of the five modernizations. Thus if supply trends are prolonged and sectoral growth rates keep tailing off while GNP growth rates rise or remain stable (and if the energy coefficient does not unexpectedly drop), then a nascent domestic "energy gap" may open up early in the next century despite the abundance of traditional fuel resources and the new zeal in extracting them.

This difficulty is a cause for immediate concern because of the lengthy gestation period needed to plan, debate and implement alternative energy policies. For instance, if China's current difficulties in reaching energy targets for coal and oil cannot be overcome easily then the "energy gap" will occur sooner. Additionally, plans for overall development vitally depend on the import of Western technology, and one of the main ways of financing these purchases has been and is still intended to be through the sale of oil (and coal in the future). If these fuels are not available for export then the necessary imports of equipment and machinery may be delayed, which will then have detrimental ramifications. Alternatively, if exports are maintained, the growth of one of the four main energy consuming sectors will have to be restricted. In either case, China's aspirations will have to be downgraded and rationing enforced once again unless different energy solutions are instigated.

A second aspect of the energy problem that rein-

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¹¹Changes in fuel composition for each of the four main sectors is provided in more detail by the CIA, *Energy Balance Projections*, A(ER), 75-75, November, 1975, Table 9.

¹²The aggregate figure is a weighted average of the individual energy growth rates: for the 1977-1990 calculation the 1977 weights were used; for the 1990-2000 estimate the predicted 1990 weights were used.

¹³For further information on this one type of statistical approach and its usefulness in estimating future energy demand for developing countries, see P. S. Basile, ed., *Energy Demand Studies: Major Consuming Countries* (London: M.I.T., 1976).

¹⁴CIA, *Energy Balance Projections*, uses both methods to estimate demand between 1975 and 1980.

¹⁵CIA, *Electric Power for China's Modernization: The Hydroelectric Option*, ER80-10089 U, May, 1980, p. 8.

¹⁶*Daily Telegraph*, February 27, 1980.

Agatha S.Y. Wong-Fraser is the author of *China's Attitudes Towards Arms Control and Disarmament* (London: Macmillan, 1981), *Sino-Soviet Conflict in the Persian Gulf: A Case Study* (Washington, D.C.: University Press of America, 1981), *The Political Utility of Nuclear Weapons: Expectations and Experience* (Washington, D.C.: University Press of America, 1980), and *Symmetry and Selectivity in U.S. Defense Policy: A Grand Design or a Major Mistake?* (Washington, D.C.: University Press of America, 1980). She is also a postdoctoral research fellow at Harvard University's Center for Science and International Affairs, John F. Kennedy School of Government.

How effective are China's ongoing "political reforms"? Although this author suggests that the "long-delayed political clean-up has begun," he cautions that "the durability of the current institutional framework is by no means certain."

Political Reform in China

BY VICTOR C. FALKENHEIM

Associate Professor of Political Science, University of Toronto

FOR many Chinese leaders, the hope of a more stable and effective government has been at the heart of their vigorous efforts at reform, including the publication of a new draft state constitution and the promulgation of an ambitious program of administrative change. But three major factors appear to stand in the way.

First, at the level of the central leadership, the conflicts of the past two years over reforming the system (systemic reform) have been by no means laid to rest by the new constitution. In many ways, this document only papers over existing disagreements.¹ Further, the fragmenting effects of factional conflict, a major ingredient in politics in China today, appear likely to fuel the conflict at the top. Finally, independent of elite and organizational conflict, the widely noted "crisis of faith" in China raises questions about the popular legitimacy of the newer institutional forms.

The issue of legitimacy is of course of central importance in appraising the long-run prospects for current reforms. Similarly, the cohesion and discipline exhibited by the party and state bureaucracies in implementing the proposed institutional reforms are of decisive importance. But the critical factor remains the degree of consensus at the top, since the success of party-state reform is predicted above all on leadership unity.

Despite the difficulties involved in identifying the lines of political cleavage in China, it is possible to identify three sets of views on the issue of party-state reform. Partisans of the first position, largely silent publicly since 1978, stand outside the reform consensus entirely, seeing little justification for the abandonment of the Cultural Revolution. Within this group are die-hard leftists, Cultural Revolution beneficiaries and bu-

reaucrats whose interests have been imperiled by the reforms. This group retains influence at lower levels, where it can still block change. Within the reform camp, there are two voices. One group calls for a fuller institutionalization of the 1978-1980 reforms; they can be termed *conservative reformers*. A second group, the *liberal reformers*, call for more fundamental change in the party-state system.

CONSERVATIVE REFORMERS

The conservatives, represented most visibly by Chen Yun and the Central Discipline Committee of the party, have adopted a relatively moderate posture with respect to party-state reforms. They believe that the problems of the Chinese political system are remediable and can be most effectively addressed through internal party reforms. They stress problems of cadre behavior, slack party discipline, and lack of ideological commitment, which they regard as the result of the post-1957 neglect of traditional party work methods, compounded by the assault on party authority during the "10-year catastrophe." The resulting pervasive defects in "working style" and defective and unpopular public policies contributed to what they see as the central issue, the decline in the credibility and legitimacy of the party. As Huang Kecheng noted in the November, 1980, meeting of the Central Discipline Inspection Committee:

In the 1950's we would send cars to take our children home from the primary boarding schools on weekends without hearing any complaints from the masses. Now things are different. Even sending an orderly to take the children home from school is criticized by the masses.²

But conservatives believe that these problems are manageable without resort to drastic reform. In the same speech, Huang condemned those who viewed the party's "unhealthy tendencies" as a "minor issue" and those who claimed that the party had "caught an incurable disease." The solution he held out was painstaking ideological and organizational work to rectify the party's work style and, above all, to uphold party leadership. In the view of the conservatives, the restoration of party primacy is the political premise on which modernization has to proceed. The restoration

¹Li Pu, "Does the New Chinese Communist Constitution Have a New Significance," *Guang Jiao Jing* (Wide Angle), no. 116 (May 16, 1982), p. 28. For the text of the new constitution see *Beijing Review*, vol. 29, no. 19 (May 10, 1982), pp. 27-47. For an earlier evaluation of "The Politics of Reform in China," see *Current History*, September, 1981, pp. 258 ff.

²*Renmin Ribao* (People's Daily), February 28, 1981, in Foreign Broadcast Information Service, a United States government publication, March 10, 1981 (hereafter referred to as FBIS).

of effective party leadership is in turn seen as requiring a reassertion of Leninist norms, the elimination of factionalism, the reimposition of tight discipline under Central Committee leadership, and the redevelopment of internal and extra-party controls. In addition, this prescription for reform calls for the restoration and more effective utilization of united front organizations and mass organizations, to temper and to extend party-society ties. As the "Guiding Principles" for party behavior set forth in February, 1980, put it, a key to reform is the willing acceptance by the party of public criticism and supervision.³

Although much of the conservative position is party-focused, its proponents are also committed to the restoration of the pre-Cultural Revolution formal state structure and party-state equilibrium. They endorse the dismantling of Cultural Revolution innovations and support efforts at legal reform, but the primary emphasis in their view must be on party "work style." In an era in which "bourgeois ideas and a decadent way of life" are "sweeping like a wind everywhere," and in which the party is adopting a variety of unorthodox policies, "strict organization and discipline" are "an even greater imperative." As one article put it, the party has to work cautiously, "fording the river by feeling the rocks."⁴

The position of the conservatives thus articulates to a significant degree the corporate interest of the party apparat, stressing a return to the organizational emphasis of the 1950's and the eighth Chinese Communist party congress, and emphasizing the need for painstaking political construction (*jian zheng*) along the lines sketched out by Premier Chou Enlai in 1957. Their conservatism is manifest in their distrust of wider changes, in their sensitivity to the interdependence of political and economic reforms, in their aversion to experimentation, and in their preoccupation with issues of control. They see China's problem as requiring ameliorative reform, not a systemic change. Above all, they are committed to the "four upholds,"

³*Xinhua*, March 14, 1980 (FBIS, March 17, 1980).

⁴*Renmin Ribao*, February 23, 1981 (FBIS, March 4, 1981, L 10).

⁵The "four fundamental principles," the four upholds, are included in the preamble to the new constitution. See *Beijing Review*, vol. 29, no. 19 (May 10, 1982).

⁶Deng Xiaoping, "The Current Situation and Tasks," *Cheng Ming*, no. 29, March 1, 1980 (FBIS, March 11, 1980, Supplement, p. 24).

⁷*Hongqi* (Red Flag), November, 1980 (FBIS, November 17, 1980, L 21).

⁸*Ibid.*, L 22.

⁹"It Is Impermissible to Replace the Government with the Party," *Hongqi*, November 1, 1980 (FBIS, December 2, 1980).

¹⁰"On the Division of Work Between Party and Government," *Renmin Ribao*, December 18, 1980 (FBIS, December 19, 1980, L 38).

¹¹*Ibid.*, L 42.

which stress party leadership and doctrinal orthodoxy.⁵

On the other hand, the liberal reformers, a disparate Deng-Xiaoping-led group centered in part in the Policy Research Office of the party and the Social Science Academy, perceive the issue of restructuring very differently. To be sure, they endorse the "four upholds," including the principle of party rectification, but their focus is far broader, extending to the party-state system as a whole. Their slogan declares that to "uphold party leadership" one must "improve party leadership." Moreover, as First Deputy Premier Deng Xiaoping suggested in January, 1980, improvement means not simply organizational tightening but reform of the "leadership system"⁶ as well. Thus, a primary difference between the two reform groups is the liberals' focus on the political system as a whole as an object of reform. As one editorial put it, for a long time "we admitted shortcomings in certain links of the state system," or we "conceded that specific rules and systems had defects but that the political system as a whole is faultless." The liberal reformers urge that this view must be dispelled. "Systemic reform" is not only necessary but "important and urgent."⁷

The liberal reformers believe that the problem is not simply enfeebled institutions and public cynicism but the problem of adapting to a new era in which older solutions are inadequate. They are scathingly critical of "nostalgic" people who "can't bear to part with old methods" and who believe that if the methods of the "first 17 years" are restored "everything will be all right."⁸ In the reformers' view, the new era requires new departures to be developed partly through experimentation and partly through the selective adaptation of foreign models. Instead of looking back to 1956 and domestic solutions, reform proponents have been canvassing both Western and East European experiences for innovative ideas. Like the conservatives, they concede the interconnectedness of the party and state and the economy and administration as a barrier to reform, but unlike the conservatives, they see this interconnectedness as requiring thoroughgoing reform.

The watchword of the liberal reformers is "systematization." Their proposals envisage strengthening the autonomy and coherence of government institutions generally, creating "a strong hierarchical working system from the State Council to peoples' governments."⁹ As one writer noted, "All organizations in socialist countries are tools to realize the people's interests. They must be given powers and duties. They are by no means just ornaments."¹⁰ This stress on the formalization of powers and the rejection of "nihilism with respect to forms" is based on a commitment to an appropriate "social division of labor" whose aim is partly the rationalization of authority but, more important, its institutional limitation.¹¹

Liberal reform advocates show a fascinating preoccupation with the division of powers and with the notion of countervailing and mutually restraining institutions. Underlying the proposals for the separation of party and state and for the clearer differentiation of legislative and executive functions, this almost Madisonian perspective reflects the reformers' belief that the central problem of the political system has been the "over-concentration of power."¹² The belief in countervailing powers is reflected in some of the more far-reaching reform proposals: for example, the proposal to replace the unwieldy single-chamber National People's Congress (NPC) with a streamlined bicameral legislature whose two houses, a House of Regional Representatives and a House of Social Representatives, would exercise mutual veto powers. Another proposal for the reform of the central party organization calls for the creation of three "mutually restraining" central party governing bodies to replace the unitary central committee format.¹³ This stress on countervailing powers is also reflected in the effort to accord a greater degree of autonomy and self-management to economic and social subsystems. Like the conservatives, the liberal reformers stress the importance of mass organizations, but emphasize their representational and interest-articulating functions. Thus within the proposal to create a House of Social Representatives is the suggestion that an effective peasant voice within that assembly requires the formation of independent peasant associations.

Virtually all the concrete proposals for deconcentrating power, whether for strengthening and reforming the legislature, increasing the effectiveness of legislative oversight, or enhancing judicial independence, are premised on a more circumscribed direct role for the party. Thus proposals for subordinating enterprise managers to their worker congresses and for decreasing the number of concurrent party-state appointments are all seen as steps toward abolishing the de facto fusion of powers that is perceived as a major impediment to reform.¹⁴

CONSENSUS AND REFORM: 1978-1980

Interestingly, differences on reform did not become sharply divisive in the period immediately after the death of Chairman Mao Zedong. To be sure, there were disagreements over the appropriate extent of cultural, political and ideological liberalization, but in comparison with the bitter policy conflict over the

Maoist legacy, institutional issues were not among the more contentious items on the political agenda. The steady progress toward reinstitutionalization from 1977 to early 1980, in fact, was probably based on a leadership consensus. Maoist opposition notwithstanding, this consensus led to the smooth and rapid dismantling of Cultural Revolution institutions, the reestablishment of the united front and mass organizations, the reemergence of functioning state legislative and executive institutions, the rectification of party organization and the modest extension of civic rights.

To be sure, some specific changes generated controversy, for example, the decision to delete the "Four Great Freedoms" clause from article 45 of the 1978 constitution. But the successive series of major laws and constitutional changes passed in 1978 and 1979, which aimed at codifying a more perfect political division of labor, appeared rooted in a threefold consensus: the need to restore party and state authority; the common adversary in the "ultra-left"; and (after the public outburst of 1978-1979) the importance of control as a prerequisite for reform.

To the degree that in 1980 the reform program represented a compromise between conservatives and liberals, it stressed the need to innovate slowly under tight party control. Thus, for example, legislative independence was stressed but within strict limits, and the separation of party and state at the enterprise and local levels proceeded slowly and experimentally. The process of party rectification similarly pushed for tighter discipline and a more active role for discipline committees, while tilting (as in the draft party constitution of early 1980) in a reform direction, providing for limitations on the number of concurrent party-state posts, competitive party elections and limited tenure in specified posts, a high Deng priority.¹⁵ On the record of 1978-1980, the prospects were for a prolonged process of institutional reform and adjustment within the orthodox parameters of a slowly rationalizing Leninist political order. This may not have been the full institutionalization desired by some critics, but it was as close an approximation as could be envisaged in a transitional era.

DISSENSION AND STALEMATE: 1980-1981

In the summer of 1980, however, institutional issues came sharply to the fore in a far more divisive fashion, largely because of increasing pressure from the liberal reform camp for accelerated and more drastic political reform. Deng's speech at the August, 1980, expanded Politburo meeting signaled the shift in tone by linking his analysis of systemic defects ("an unsound party and state leadership system") to the lagging efforts at "promoting the smooth progress of the modernization drive." Deng called for renewed reform initiatives in six problem areas: strengthening and reforming the system of people's congresses; separating party and

¹²"Overconcentration of Power Is Not to be Permitted," *Renmin Ribao*, November 14, 1980 (FBIS, December 3, 1980, L 2).

¹³Liao Gailong, "The '1980 Reform' Program of China," *Chi Shih Nien Tai*, March 1, 1981 (FBIS, March 16, 1980, U 1).

¹⁴"On Unified Party Leadership," *Renmin Ribao*, December 12, 1980, p. 5.

¹⁵*Issues and Studies* (September, 1980), pp. 82-109.

state organs and functions; increasing the powers of local governments; increasing production unit autonomy on the basis of democratic self-management; reforming the cadre system by means of a "complete set of methods" for selection, rotation, dismissal, and so on; and, finally, strengthening democratic rights by means of an independent judiciary.¹⁶

Deng's themes were taken up in discussion later that month at the freewheeling third session of the fifth National People's Congress, and the results of that discussion were summarized by *People's Daily* shortly after the close of the session in the following query:

Why is it that after 30 years of the regime the social production force acts so slowly and that the life of the people has not improved much? How was it that Lin Biao and Chiang Ching could run wild for ten years? This was not merely the result of some temporary political aberration. . . . it manifested the defects of the system of ruling.¹⁷

These issues were further discussed in the press and party circles in October and November, with editorials calling for urgent reform. A sweeping blueprint for reform was tabled for discussion by a senior researcher in the Party Policy Office, based on Deng's speech which, among other things, called for reorganizing and streamlining the NPC along bicameral lines, for establishing independent peasant associations, for a more critical and independent press, for developing new forms of grassroots democracy, for abolishing the Politburo of the party. That these proposals were seen as directly challenging the consensus of early 1980 is evident in the explicit call for "further and drastic" revision of the fifth plenum draft of the party constitution.

This forward momentum did not last long. Although the two reform groups cooperated at the November, 1980, Politburo meeting to compel the resignation of left-leaning party chairman Hua Guofeng, thus attaining a major Deng objective, that victory did not translate into forward movement on Deng's political reform agenda. Rather, his proposals were largely stalemated at the important party work conference in December, when mounting economic difficulties and intensifying conservative opposition stymied "restructuring" efforts both in the economic and political spheres. In his address to the conference, Deng conceded that political stability had to take at least temporary precedence over reform. Thus, while calling for "persistently following the guiding principles of reforming the party and state leadership system," Deng pointedly warned the party that "our methods must be careful and our steps steady," adding that, with the exception of pilot reform projects, all other

units "must without exception follow the existing system."¹⁸

THE LIBERAL AGENDA REEMERGES: 1981-1982

In accordance with these guidelines, administrative and government reform became a muted issue through much of 1981. There was continued experimentation in legislative reform and commune organizational reform, as well as pilot work in the reestablishment of peasant associations. There was also limited press discussion of the broader issues of cadre reform and constitutional revision, but the entire debate had a diminished urgency. In retrospect, the main reason for this slowed pace, beyond the faltering economy, was the higher priority accorded to the resolution of the long festering conflict over how to treat the Mao legacy. In the first six months of 1981, leading up to the landmark sixth Central Committee plenum, party leaders were preoccupied with efforts to reach a consensus on the doctrinal and leadership implications of the reappraisal of Mao's post-1949 role. Given the Deng coalition's need for allies, reform issues had to be postponed. The temporary and tactical nature of this retreat became evident, however, in the aftermath of Deng's victory at the sixth plenum in June, 1981, which severely condemned Mao's post-1956 role and which replaced Party Chairman Hua Guofeng with Deng's rising protégé, Hu Yaobang. The plenum resolution called for putting aside the divisive debate of the past year, shifting national attention to the urgent tasks of modernization and reform.

In November, 1981, excerpts from earlier Deng Xiaoping speeches were republished in *People's Daily*, including extracts from his August, 1980, Politburo speech calling for efforts to overcome problems of "bureaucracy, over-concentration of power . . . and lifelong tenure in office for leading cadres." At the fourth session of the fifth National People's Congress (NPC), in December, 1981, Premier Zhao Ziyang, a key Deng supporter, announced that administrative streamlining and cadre reform were to be key priorities for 1982; he also announced that the long delayed draft state constitution, in committee since the fall of 1980, was to be presented to the next session of the NPC for ratification. Further impetus to the reform drive was given by a meeting of Politburo leaders in Beijing in early 1982, when they called for the rapid implementation of proposals to streamline and pare down central level party and state organs and to impose tight controls on cadre malfeasance. Deng called the program a "revolution," although he noted that, unlike the Cultural Revolution, it was beneficent, aimed not at individuals but at maladministration in general.

By March, 1982, *Red Flag*, the Central Committee's theoretical journal, was calling administrative reform the party's "number one" task, describing it as equal

¹⁶FBIS, December 18, 1980, U 2.

¹⁷Cited in *China News Analysis*, no. 1191 (October 10, 1980).

¹⁸Deng Xiaoping, Speech to the Central Party Work Conference, December 25, 1980 (FBIS, May, 1981).

in significance to the policy reforms of the third Central Committee plenum of 1978 and the ideological reforms of the 1981 sixth plenum.¹⁹ Two successive meetings of the standing committee of the NPC in March and late April, 1982, passed a new series of civil laws, an amendment to the 1979 criminal code imposing drastic sanctions against economic corruption, particularly cadre corruption, an ambitious timetable for administrative restructuring and, finally, a new draft constitution to be circulated for national discussion.

A NEW CONSENSUS

Despite the 1982 breakthrough on structural reform issues, the resulting package of institutional changes appears to fall significantly short of the more ambitious goals enunciated in August, 1980. In fact, both the policy and the constitutional changes proposed in 1982 suggest a careful effort to reconcile liberal and conservative concerns. This balancing effort is particularly evident in the draft state constitution, which on the doctrinal plane embraces the formulations of the sixth plenum in its preamble, affirming the goal of "socialist modernization" but stressing the limits imposed by the "four upholds." Similarly, although the preamble has no reference to "continuing revolution," it affirms the need for vigilance in the face of "continuing class struggle."

The constitution itself asserts the dominant role of the state sector and the controlling function of the state plan, while endorsing the post-1978 policy emphasis on democratic management, market regulation, foreign investment, and liberalized policies towards the collective and individual economy. While individual rights are nominally extended to include freedom of correspondence and freedom from slander and from violation of one's person, the "right to strike" has been deleted altogether, and the stress on citizen duties is markedly reinforced. In the area of doctrine and policy, then, the constitution clearly embodies a carefully formulated if conservative-leaning consensus.

On the institutional side, in contrast, the changes tilt somewhat in favor of the 1980 liberal reform agenda. To be sure, some of the changes involve a return to the constitutional tradition of the 1950's. The restoration of the state chairmanship, for example, whatever its long-term import, is principally a symbolic act reaffirming the structural norms of the 1950's. Similarly, the long-awaited decision to strip the commune of its civil-administrative functions should probably be seen in this light, though the change can be seen as consistent with the reform principles of separating economic management from administration and strengthening grassroots administration. Both these goals will be advanced by restoring village and township people's congresses and councils.

Other constitutional changes are more clearly linked to the reassertion of the Deng reform program. The draft constitution assigns a number of key nomination and appointment powers to the National People's Congress instead of the Central Committee. The draft also proposes the creation of a Central Military Council appointed by the NPC to oversee and direct the military, thus lodging formal authority over the PLA (People's Liberation Army) with the state rather than the party for the first time. And the new constitution asserts, at least in principle, that the constitution is to be binding on all officials, organs of state and "all political parties." None of these changes, of course, are likely to undermine the dominance of the party. Nevertheless, the insistence that the party exert its leading role through and by means of strongly developed and autonomous state structures was a key element in the 1980 reform program, and its presence in the new draft is worth noting.

Other proposed changes probably represent shared goals. The creation of a new, independent auditing body attached to the State Council and the local governments to monitor fiscal and economic performance conforms to the liberal reform preference for a system of administrative checks and balances but is also consistent with the conservative demand for accountability and control. The same is true of proposed legislative reforms. Though the 1980 program stressed strengthening the "People's Congress system," proposals to reduce the size of the unwieldy 3,000-deputy legislature were explicitly rejected on the grounds that China's size and diversity required adequate levels of representation. Having ruled out reforms that would increase the citizen/deputy ratio, the proposed solution—to endow the Standing Committee of the NPC with plenary legislative and supervisory powers—appears simply to endorse the status quo. Defenders of the proposal assert, however, that the strengthened Standing Committee would, in fact, play a role equivalent to that of sitting legislatures elsewhere and would allow more effective legislative oversight than a reform of the parent body.

The draft explicitly prohibits members of the Standing Committee from holding concurrent state administrative posts, in order to ensure for them a full-time legislative role. Further, the Standing Committee is to

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Victor C. Falkenheim, director of the Joint Center on Modern East Asia, University of Toronto-York University, has contributed articles on politics, administration and political participation in China to such journals as *Asian Survey*, *China Quarterly*, *Contemporary China*, *International Journal*, *Pacific Affairs*, and *Problems of Communism*, as well as to edited collections. His more recent work has focused on post-Mao political and administrative reforms.

¹⁹*Hongqi*, no. 6 (March 16, 1982), p. 2.

"So far, despite the spectacular alterations in China's economy as compared with the Maoist past, the changes have been by and large limited to technical upgrading," notes this economist, who concludes that "changes within the system . . . do not address . . . the more intractable problems of the system itself, and they create new distortions."

China's Economic Readjustment

BY JAN S. PRYBYLA

Professor of Economics, The Pennsylvania State University

AFTER a couple of false starts due to economic misinformation and political scuffling, China's post-Mao Zedong leadership seems to have settled on a relatively moderate and shorter-run program of economic rejuvenation or "readjustment," postponing most of the tough, politically sensitive, systemic reform decisions.

For some time, China's economic problem has been twofold: low and declining factor productivity in agriculture and industry, and low per capita income and consumption. There are two basic causes of this double problem: one objective, the other subjective. The objective cause is lopsided factor proportions: too much labor relative to land (especially farmland) and capital. The subjective cause is the system of economic organization: China's bureaucratic command economy.

From 1957 to 1975, factor productivity (the productivity of land, labor, and capital) in agriculture—measured by the gross value of output—declined by between one-fourth and one-third; and the slide continues. Total factor productivity in industry also fell during this period. The decline was dramatic for industrial capital productivity.¹ The total per capita income of China's 800 million peasants was 0.46 yuan US\$.27 per day in 1980. (This figure includes income from work for the collective, work on the private household plot, and social benefits.)² Daily per capita consumption in 1980 was 0.60 yuan (\$.35) for the country as a whole.³ At that time, according to one reliable investigation, there were more than 100 million people in China whose daily foodgrain consumption was below the 0.5 kilograms guaranteed by the government.⁴ The current net addition of 32,000 people per day to the population requires—at the present modest rate of individual and social consumption —

the daily addition of 8.2 million yuan (\$4.8 million) to the consumption fund, which makes the task of capital formation that much harder. And the people keep coming.

CAUSES OF THE PROBLEM

Between 1957 and 1977, because of town and village sprawl and mismanagement, the net loss of arable land was 12 million hectares. With less than 10 percent of its land area suitable for farming (roughly one-fourth of a comparable area in the United States) and 1,000 million mouths to feed, China can hardly afford such a loss. Per capita farmland declined during those years by 40 percent and now stands at 0.1 hectare (0.07 hectare if low-yield, high-cost land is excluded). Potentially good farm land now not cultivated (much of it consisting of scattered plots in remote areas) comes to a grand total of 10 million hectares (0.01 hectare per head).⁵ From 1957 to 1975, agriculture absorbed 100 million extra workers and packed them into a shrinking farmland area. The result was diminishing returns. A *People's Daily* article (October 8, 1981) spoke of an "immense amount of surplus labor" in the countryside; more than 30 percent in some localities. (On a nationwide scale this would translate into some 150 million people.) Under the new Responsibility System (described below) this hitherto disguised unemployment has become highly visible.

In the cities, according to government sources, 3 million new workers seek employment every year; but this figure is probably too low. Existing jobs are overstaffed, in part because of official adherence to the goal of full overt employment and the difficulty still experienced by managers if they try to fire loafers and redundant workers—even though this is now permitted under a Central Committee and State Council decision of November 23, 1981. However, it still takes a lot of wrongdoing to get the boot. One worker was dismissed only after he had been absent from work without leave for 1,000 days since 1974—more than four months per year. The case merited favorable mention from the *People's Daily* (September 25, 1981).

Added to lopsided factor proportions are the effects

¹Thomas G. Rawski, *Economic Growth and Employment in China* (New York: Oxford University Press, 1979), pp. 119-122; Chu-yuan Cheng, *China's Economic Development: Growth and Structural Change* (Boulder, Colorado: Westview Press, 1982), pp. 355-356.

²*Beijing Review*, no. 48 (November 30, 1981), pp. 16-17.

³*Beijing Review*, no. 14 (April 5, 1982), p. 7.

⁴E. B. Vermeer, "Income Differentials in Rural China," *The China Quarterly*, no. 89 (March, 1982), pp. 18-19.

⁵*Hongqi* (Red Flag), no. 20 (October 20, 1981).

of the economic system itself. The bureaucratic command system, of which China is a representative example, generates as a matter of its organic composition a number of inconveniences that adversely affect worker and managerial incentives and contribute to the twin problems of low factor productivity and low income.⁶ In a command system, a huge, centralized bureaucracy that grows in geometric progression for every arithmetical increase in the jobs to be done replaces the automatic, diffused information and coordination functions performed in the market system by voluntary, competitive, buyer-seller transactions and their mathematical expression—market prices. It is as if in a cuckoo clock, instead of the Swiss mechanism, the cuckoos were running the clock. In China today, more than 1,000 ministers and deputy ministers at the central level alone (i.e., not counting the provinces and municipalities), and 20 million other officials do the work of the market mechanism manually every day.

They balance inputs and outputs, set prices, change prices, define product lines and assortments, fix wages, distribute goods and incomes, and perform the many other market functions. The problem—recognized by the Chinese leadership at the theoretical level—is that the task is too big, even in a comparatively unsophisticated economy like China's. In a centrally planned economy, if the planners don't do the job the job is not done. In China, the planners quite simply cannot do all that needs to be done, and what they manage to do is riddled with inconsistencies. The common-sense solution is economic devolution: the decentralization of key resource allocation decisions to grassroots producers and consumers. This, however, means crossing systemic frontiers, and it comes as no surprise that China's leaders are not prepared to take such a politically explosive step.⁷

Additionally, in a system in which nothing belongs to any individual and everything belongs to the state, and in which political power is concentrated in powerful bureaucrats, rampant kleptocracy prevails. Bureaucratic thievery is contagious and afflicts the people at large. Stealing from the state becomes the norm: it is an indispensable supplement to low personal income. The phenomenon, familiar to all who live within the system, has not been sufficiently discussed in Western studies of state socialism, in large part because of

the near impossibility of quantifying the vast subterranean operation.⁸ But it goes a long way toward explaining how China's people make ends meet on the officially reported \$.35 cents a day.

Railing against bureaucratic and citizen departures from the code of socialist ethics has been a constant of China's postrevolutionary experience, both under Mao and since. It has been translated into nationwide clean-up operations, demotions, imprisonment, and selective executions, the latest of which are now in progress. The bureaucracy, First Deputy Premier Deng Xiaoping has promised, will be trimmed, purged and consolidated in what is described as a "second liberation."

But the bureaucracy cannot be removed because it is the system. It can be frightened for awhile, but the chances of reeducating it out of its bad habits are minimal, the more so since the bureaucrats are the ones who have to reeducate themselves. And so the subjective problem of economic organization becomes an objective problem, like factor proportions. Neither is insuperable. Lopsided factor proportions can be overcome by infusions of up-to-date technology, and defective organization can be changed. The difficulty is that it is easier to agree on objective technology than on subjective systemic change; but to be fully effective, the two should come together.

To the outside world, the most spectacular event since the death of Chairman Mao Zedong and the rout of the leftists has been the opening up of China to Western entrepreneurs, traders, manufacturers and bankers. The motivation for this new outward look in the formerly inward-oriented system is much the same as that which has led other Communist countries (notably the Soviet Union) to seek capitalist commercial and financial links: the quest for advanced technology and food in exchange for fuels, metals, minerals and other rawstuffs, sure-fire exports that even the state socialist system's organizational deficiencies would be hard put to spoil. As the experience of the Soviet Union and East Europe demonstrates, such commercial and financial openness has no real effect on the administrative command system of the economy nor, for that matter, on the politics and culture of state socialism.

In the 1970's, Western private and government loans to the Soviet bloc came to the heady sum of \$80 billion—five times America's Marshall Plan aid to the European market democracies in the 1950's—without any change in the structure of the socialist command system but with notable improvements in the system's military capability. It makes good sense, therefore, for China's new "pragmatic," apparat-rooted rulers to join the crowd. This is even truer because the West, caught in a crunch by OPEC (the Organization of Petroleum Exporting Countries) and the recession, is eager to reciprocate with what the *Economist* (London) calls the "mercantilist habit of buying business in recession."⁹

⁶This subject is discussed at length in my *Issues in Socialist Economic Modernization* (New York: Praeger, Special Studies, 1980).

⁷A partial and, I believe, temporary exception to the general unwillingness to experiment with systemic reforms has been the introduction of the production responsibility system in agriculture, discussed below.

⁸An instructive study of the problem, as it relates to the Soviet Union (the parent of China's economic system) is Gregory Grossman, "The 'Second Economy' in the USSR," *Problems of Communism*, vol. 26, no. 5 (September-October, 1977), pp. 25-40.

⁹"East-West Trade," *The Economist*, May 22, 1982, p. 72.

merce will help bring about a change in China's socio-economic system in a liberalizing sense is, on evidence, in error. The substance, pace and direction of systemic change in China have been in the past and will be in the future primarily a function of China's inner dynamics. Today, this means in the first instance the will of China's Communist leaders, backed by an elaborate mechanism of social controls. From the standpoint of the leaders, there is not much to fear from opening doors to foreign commerce and easy loans.

On the other hand, there is much to gain. The 10 million tons of grain imported annually are indispensable to the government's effort to feed the cities (only one-fifth of China's grain output is marketed, the same proportion as in the 1950's; four-fifths of the grain is consumed on the spot by the peasants or is used for replanting, or put in reserve). Beyond that there are technology imports in the form of plant, equipment and know-how. Whereas in the early post-Mao years (up to the end of 1978), Chinese technology imports concentrated on advanced equipment and plants spread over most industrial sectors (but with a distinct emphasis on steel and machine building), the tendency now is to buy knowledge both of engineering techniques and business management. The former involves selective updating of plant and equipment in key industries—mainly in the areas of power (electricity, oil, coal), consumer goods, exportable commodities (textiles, food processing, electronics), transportation, and metallurgy.

Some of these industries suffer serious bottlenecks in the economy: electricity and transportation, for example. Most suffer from excessive materials and energy utilization rates, obsolete capital, and general inefficiency, which make them costly and noncompetitive in world markets despite the relatively low outlays on labor. The emphasis is on technical transformation ("upgrading") designed to improve the efficiency of operations and bring out latent industrial potential, rather than on the large-scale installation of new equipment. (However, plans for the development of big open-cast coal mines and offshore oil deposits are also being initiated). Scarce resources are husbanded by concentrating them on projects in a few established industrial cities like Shanghai, Tianjin and Beijing. Simultaneously, the expansion of county and lower-level industries—once hailed as China's innovative contribution to development strategy—is being subjected to critical scrutiny because, it is now admitted, these industries are costly, wasteful in their use of materials and fuels and—most important—take valuable farmland. However, in view of the fact that these labor-intensive mini-industries provide an employment outlet for the surplus rural workforce and are an impor-

tant source of income to many communes (the richer communes derive as much as 80 percent of their income from their own industries), their growth is unlikely to be halted in the foreseeable future.

State industrial investment has been reduced (by some 20 percent in 1981) from what has been correctly diagnosed as excessively high levels. However, for reasons that cannot be examined here, centrally planned state socialist economies have a built-in tendency toward chronic investment inflation, and so whereas the state has pulled back on its investment, "the investment not covered by the national budget exceeded the plan to a fairly large extent, and blind and duplicate construction was not eliminated."¹⁰ A reapportionment of state investment is also being implemented: resources are redirected from manufacturing to "nonproductive" projects like housing, which continues to be critically short, and educational facilities. Consumer services badly mauled in the 1950's by the socialization of private trade and handicrafts are stressed partly to strengthen incentives and partly to help absorb unemployed urban labor. (Government labor bureaus are no longer solely responsible for labor placement; by and large one has to fend for oneself.)

But blotches on the industrial landscape have not been erased. Shortages of many current inputs (especially electricity), compounded by planning errors and insufficiencies, continue to plague many factories, resulting in a significant underutilization of industrial capacity and low productivity of capital and labor. Despite across-the-board wage adjustments and the introduction of complex bonus schemes, incentives are deficient, labor discipline continues to be lax, and managerial competence is low.

Some labor and management problems are part and parcel of China's modest level of development and are shared by most industrializing countries. Others are the legacy of ten years of the Cultural Revolution turmoil. Still others are systemic. In the absence of a price structure that would reflect with a fair measure of accuracy the relative costs and utilities in the system, the alleged incompetence of plant managers may be simply the managers' rational response to irrational signals beamed at them by the planners. This is a trait common to all state socialist economies. Hence the endless complaints about the "blind pursuit of gross output value" to the detriment of product assortment and quality.

To this day, 30 percent of China's state industry is running at a financial loss, that is, with the help of budgetary subsidies. Next to the all-encompassing bureaucracy, subsidies are emerging as a characteristic feature of the state socialist system. In China, industrial and agricultural subsidies—essentially the bailing out of inefficient firms—quadrupled in the four years from 1978 to 1981 and now exceed the combined state expenditure on culture, education, public health and

¹⁰*Beijing Review*, no. 20 (May 17, 1982), p. 18. This issue contains the State Statistical Bureau Report on the fulfillment of the 1981 economic plan.

science. The phenomenon, perfectly understood by China's policymakers, is sometimes referred to as "lemon socialism": a situation in which the state subsidizes a growing number of its own sources of revenue. In 1981, profits turned over to the treasury by state industry were down 8.5 percent from the year before; half the quality indices for major products declined; production costs went up 1 percent; and output per worker fell 2 percent. Evidently the process of technical readjustment is not yet yielding the hoped-for results in industry.

Imported technical knowledge is gaining in importance. A large technology transfer from the industrial West (Japan prominently included) is beginning to take shape in many fields of industrial and agricultural endeavor.* Joint ventures with foreign capitalists are much in evidence in oil exploration and development, light industry, food processing and beverages, machinery and electrical appliances, pharmaceuticals, farming and animal husbandry, and tourism. As of early 1981, the government had endorsed 40 such ventures with a capital investment of \$190 million (\$88 million from foreign investors, mainly in the form of equipment and know-how). Three-fourths of the approved projects are in operation, the manufacturing ones in special economic zones, the best known of which is on the border of Hong Kong. (The 40 ventures should be seen in perspective: China at present has some 400,000 industrial enterprises.) Most joint ventures have been of comparatively modest financial scope: of the 40 projects, 35 have investments of less than \$10 million each.

Until recently, the growth of joint ventures was impeded by the ambiguity of China's equity, profit repatriation and tax laws. This problem has been reduced by recent clarifications of the 1979 Law on Joint Ventures and tax legislation, particularly with regard to oil exploration and development. An additional 1,000 joint projects have been approved, totaling almost \$3 billion. In 1981 alone, foreign joint venture investment came to \$2.1 billion (plus \$1 billion in foreign investment not involving joint ventures). These cover oil exploration, compensatory trade, and the processing of raw and semi-finished materials supplied by foreign firms.

The expansion of joint ventures is economically important for China and highly visible, but it does not represent systemic change. The fixed assets will eventually revert to China, and the doings of foreign capitalists within the country are strictly defined and monitored, perhaps too much so for efficiency. Joint ventures are not uncommon in the experience of state

socialist countries. They have been incorporated into Marxist ideology by no less an authority than Lenin. To read systemic meaning into the joint venture phenomenon is an error. China benefits from modern technology, and foreign capitalists make a dollar—that is all.

Technology transfer from the West to China—very much a one-way affair at the present time—assumes a less spectacular but for the Chinese side a most useful form. There is a flowering of technical seminars in the course of which Western technicians instruct their Chinese counterparts, free of charge, in the hope of an eventual sale. Normally, the Chinese obtain the benefit of several seminars (plus technical literature) on a given piece of equipment and associated techniques before one of the competing firms clinches a deal—usually the firm that, in addition, offers to help install the equipment and teach Chinese workers and engineers how to run it.

Much of the expense of getting the Chinese exhibit to the World's Fair in Knoxville, Tennessee, was paid for by the fair's sponsors. The expense was justified in terms of drawing potential buyers to the fair. Skewed reciprocity in educational exchanges (including the influx of Chinese researchers into scientifically and technologically sensitive areas) is becoming a matter of some mildly articulated concern to the United States government, but at this stage the United States academic community is not losing any sleep over it.

China has also been inviting Western demographers, econometricians and business analysts. Concern with the demographic picture is understandable. The rate of natural population increase (1.17 percent in 1979; 1.2 percent in 1980; 1.4 percent in 1981) is disquieting, especially in the countryside where the success of the Responsibility System appears to have stimulated a growth in the birthrate.¹¹ If the recent trend in population growth is not reversed, China's lopsided factor proportions will become worse, and the population will rush toward the staggering figure of 1.3 billion by the year 2000.

In the context of China's present command system, with its absence of an allocatively meaningful price system, the relevance of Western economic and business administration theory to China's problems is more problematical. The foreign experts' access to quantified information on China's economy remains restricted, despite an improvement since 1976. Much information that is in the public domain in the West as

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Jan S. Prybyla is the author of *The Political Economy of Communist China* (New York: Intext, 1970) and *The Chinese Economy: Problems and Policies* (University of South Carolina Press, 1978, 2d revised edition, 1981). He traveled to China most recently in the summer of 1982.

*See the article by Bruce Larkin in this issue.

¹¹"The government's policy of 'one couple, one child' has met with obstruction in the countryside since the introduction of economic reforms." *Beijing Review*, no. 20 (May 17, 1982), p. 6. See also the article by Kuan-I. Chen in this issue.

"Economic questions dominate the Sino-Japanese relationship," writes this specialist, who notes that "At the present, both China and Japan seek a political context conducive to meeting their economic priorities."

Sino-Japanese Relations: Economic Priorities

BY BRUCE D. LARKIN

Professor of Politics, University of California, Santa Cruz

JAPAN enjoys a special relationship with China; proximity, historical experience, common use of Chinese written characters and mutual economic interests ensure this. The visit of Japanese Prime Minister Zenko Suzuki to China (scheduled for September, 1982) reciprocates Chinese Premier Zhao Ziyang's six-day official stay in Japan in May-June, 1982; the exchange marks the tenth anniversary of diplomatic relations between the two nations. Zhao's trip marked the fourth visit of a ranking Chinese official to Japan in the six years since Chairman Mao Zedong's death; this contrasts with the lone visit of First Deputy Premier Deng Xiaoping to Washington in January, 1979.

The two countries also hold annual consultations at the level of senior Cabinet ministers, most recently in December, 1981, in Tokyo. By these means, the senior Chinese leadership meets the leaders of Japan's governing Liberal Democratic party (LDP); in turn, Japan is assured the personal contacts so important to an underlying confidence. Nor was it lost on the LDP that in 1981 Zhao paid an hour's breakfast call on Kakuei Tanaka, Japan's Prime Minister when diplomatic relations were established. Tanaka moves under a cloud of scandal, but he is nonetheless the active head of the most powerful of the LDP's mainstream factions.¹

Economic questions dominate the Sino-Japanese relationship. In an English-language dispatch introducing the Zhao-Suzuki talks, Japan's principal wire service simply asserted that

since no major political problems now exist between Japan and China, their discussions on bilateral relations will focus on economic affairs.²

Zhao reportedly told Suzuki that relations between the two countries should be developed on three principles:

¹Kyodo (Tokyo), June 1, 1982, in *Daily Report: Asia and Pacific*, U.S. Department of Commerce, Foreign Broadcast Information Service, FBIS-APA-82-105, p. C7. The discussion that follows is based in part on information from this source, hereafter cited as FBIS (AP).

²*Ibid.*, p. C5.

³*China Newsletter*, Japan External Trade Research Organization (JETRO), no. 32, May-June, 1981, p. 26. JETRO identifies itself as Japan's "semigovernmental trade promotion agency."

peace and security, equality and mutual benefit, and long-range stability. It is not true, of course, that there is an identity of political views between the two states, or that they are unconcerned about the political and strategic significance of East Asia. Premier Zhao took pains to reassure Japan that Beijing understood Tokyo's ties to Washington and did not itself intend to shift significantly in its uneasy relationship with the Soviet Union. Zhao told Suzuki that development of Sino-Japanese relations did not run counter to the development of United States-Japanese relations and reportedly indicated that there would be no changes in Sino-Soviet relations, even though bilateral trade might increase.

Both China and Japan have urgent needs that can be addressed by the selective expansion of economic relations. China's aim is to move toward a broad-based modernization of the Chinese economy. To succeed, Beijing must secure high technology and modern expertise in many forms—whole plants, design, computation and communications equipment, on-site training, resource assessment, special materials (e.g., alloys), machines, proprietary processes, training opportunities abroad—which Japan is singularly able to provide.

Japan's prime requirement is energy. Some 90 percent of Japan's energy requirements, the *sine qua non* of its consumption economy and international standing, are imported. Two problems follow: Japan is dependent on its suppliers; and it must pay for the energy it imports. China meets both needs, as a market and an energy exporter. Tokyo is forthright:

With few natural resources of its own, Japan has become all too dependent on the Middle East for its oil. For this reason, Japan is actively seeking to diversify its sources of oil and other natural resources. As a key part of this policy, Japan has stepped up cooperation with the People's Republic of China in various industrial fields, including petroleum. . . .³

Until July, 1971, when the unannounced Kissinger visit to Beijing took Japan by surprise, Tokyo's relations with Beijing were overshadowed by Washington's influence on Japan. Since then, Japan has adopted a more independent policy. It established diplomatic relations with China in 1972 (a step the United States

did not reach until 1979), and in February, 1978, it signed a long-term trade agreement. A peace treaty—the product of difficult negotiations—was concluded a few months later. Subsequent Sino-Japanese contacts have centered on economic cooperation and changes in Chinese economic policy. Over the longer term, these issues, rather than global diplomacy or security concerns, are almost certain to dominate the Sino-Japanese relationship.

HIGH TECHNOLOGY

China selected Japan as the source of more than 50 percent of the whole-plant and high-technology imports it undertook through 1979. A review of the commitments undertaken by China⁴ shows that, of some \$11.8 billion of listed whole plant and technology, \$6 billion—more than 50 percent—was to be supplied by Japan. For 1977-1979, Japan's share of sales reached 55 percent. By contrast, the United States share was 2.5 percent (1963-1979) and 1.1 percent (1977-1979).

Japanese exports to China have shifted from ships and fertilizer to industrial units and technology, as Japan itself has moved to emphasize sectors in which it has the greatest advantage. In 1974, the ranking components of Japan's \$1.991-billion exports to China were iron and steel (\$727 million, 36.5 percent), chemicals (\$295 million, 14.8 percent, of which nitrogenous fertilizer was \$118 million, 5.9 percent), textiles, yarn, and fibers (\$259 million, 13 percent), and machinery (\$545 million, 27.3 percent, of which electrical machinery was \$46 million, 2.3 percent, ships, \$126 mil-

lion, 6.3 percent, and other transport, \$137 million, 6.8 percent).⁵

In 1981, Japan's exports to China reached \$5.097 billion. Reflecting changed circumstances, the distribution among leading sectors in 1981 showed iron and steel (\$1197 million, 23.4 percent), chemicals (\$559 million, 10.9 percent, of which nitrogenous fertilizer was \$213 million, 4.1 percent), textiles and textile articles (\$559 million, 10.9 percent), and machinery (\$2440 million, 47.8 percent, of which electrical machinery was \$554 million, 10.8 percent, ships, \$18 million, 0.3 percent, and other transport, \$207 million, 4 percent). Iron and steel and ships grew less important, while the share of machinery—especially electrical machinery—sharply increased.⁶

In 1978, China launched a major industrialization drive, part of a broad economic package to secure the "four modernizations" in agriculture, industry, science and technology, and national defense. Contract discussions were concluded, or brought toward conclusion, on an array of projects concentrated in steel, electric power, petroleum refining, artificial fibers and fertilizer. Almost before the surge of orders to import plant from abroad had concluded, however, Beijing moved to reconsider, and in some cases abandon, specific projects. Two years later, at the end of 1980, a second wave of reconsideration, prompted by evidence that China could not efficiently absorb the vast investment being made, placed projects again in jeopardy. Of all the projects undertaken, none was so ambitious as the plan to build a modern 6 mmt steel complex at Baoshan, on the outskirts of Shanghai, modeled after an import-dependent but highly efficient integrated plant on the shores of Tokyo Bay.

In January, 1980, indefinite postponement or cancellation of Baoshan Stage 2 and three key petrochemical projects—at Nanjing and Beijing—were publicly announced.⁷ Japanese contractors and government officials concerned with these projects were thrown into confusion because much of the equipment had already been manufactured and Japanese firms stood to sustain severe losses. Key figures shuttled between the two capitals, seeking a mutually acceptable resolution. Chinese officials spoke publicly of compensation but pressed in negotiations for further Japanese financial aid to permit the continuation of some projects. This prompted some critics to discern rather more audacity in the cancellation decisions than may actually have been present. In any case, Japanese government sources were quoted as saying that China sought some \$2.6 billion in bank loans for three key projects (Baoshan Stage 1, Daqing Petrochemical Complex and the Beijing Petrochemical Complex).

When a package was hammered out it reached only half the sought-for total. It did not fund the Beijing Petrochemical Complex and was composed in part of funds shifted from aid earlier given by Japan⁸

⁴The author's conclusions are based on lists published by U.S. government sources: (1963-1972) U.S. Congress, Joint Economic Committee, *China: A Reassessment of the Economy*, July 10, 1975 (1973-1979), National Foreign Assessment Center. ER-CIT 80-003, May, 1980.

⁵Ajia Keizai Kenkyujo, *Foreign Trade of China: 1974* (Tokyo: Institute of Developing Economies), IDE Statistical Data Series, no. 25, 1978.

⁶*China Newsletter*, no. 37, March-April, 1982.

⁷Nanjing Petrochemical Complex, Beijing Dongfang Chemical Plant, and the Beijing Yanshan Petrochemical Complex. Japanese contracts for the three plants totaled some \$540 million. The Japanese contracts set for cancellation at Baoshan were valued at \$535 million, excluding those "partially affected." *China Newsletter*, no. 30, February, 1981, pp. 10-11.

⁸Kyodo (Tokyo), September 4, 1981, in FBIS (AP) 1981:174 p. C4. The long-term low-interest aid package was to consist of about \$565 million in commodity credits, \$435 million in suppliers' credits, and \$304 million in syndicated yen loans to the Bank of China from Japanese commercial banks. The commodity credits were converted from earlier yen credits for six industrial projects, two of which China had shelved: China would use these yen to import Japanese goods and equipment, which would be sold in China to fund facilities and infrastructure for the aided projects. The suppliers' credits would enable the Japanese firms building and equipping the new plants to allow China to defer payment for equipment.

but not utilized. During the December 15-16, 1981, ministerial meeting, a formal loan agreement was signed, and the conference communiqué stated that "... the question of cooperation concerning the funds for complete sets of equipment was finally solved in a way acceptable to both sides. . . ."⁹ The mutual problem—how to reset Chinese plans that had proved unworkable in practice—had been resolved, but only at the cost of a crisis of confidence and a new commitment of Japanese aid. In the future, greater caution would no doubt be exercised by both sides; meanwhile longer-term interests prevailed over immediate anger and disappointment.

JOINT OIL EXPLORATION IN THE BOHAI GULF

China's 1978 modernization drive was to be financed to a significant degree by oil exports. But after years of rapid growth, stagnating crude oil production has forced China to seek foreign participation in exploration and development. Among the projects is an arrangement for Japanese drilling in the Bohai, the large body of internal waters that lies just east of Beijing and Tianjin. Early results are promising, according to Premier Zhao and Japanese reports, so much so that China is said to seek further Japanese financial cooperation in the Bohai project.¹⁰ Prime Minister Suzuki reportedly encouraged the idea in his talks with Zhao in June, 1982, and expressed Japan's interest in taking part in other offshore oil projects in the South China Sea and the Yellow Sea regions. Nor is Japan's interest confined to offshore operations. On May 9, 1982, the Japan National Oil Corporation signed a five-year agreement to prospect for oil and natural gas across one-fourth of China's province of Inner Mongolia; this is believed to be the first time China has granted exclusive exploration rights in such an extensive onshore zone.

Japan is also heavily committed to aiding Chinese coal production, and in return it is to receive a share of the additional output. The Long-Term Trade Agreement (1978) between the two countries calls for Japanese imports reaching 10 mmt by 1985, but there

are serious questions about China's ability to reach this level. The Japanese say that

Japan would like as much coal from China as possible. Unfortunately, while the coal is there in the ground, the Chinese do not seem to be able to deliver it in the amounts desired. . . . Sino-Japanese economic cooperation has now changed [so that] it focuses principally on coal development.¹¹

Tokyo has committed some \$400 million for mine development projects,¹² and \$940 million in resource development funds offered by the Japanese Export-Import Bank in May, 1979, are committed to coal development. Loans will be repaid by the export of coal.

TECHNOLOGY TRANSFER

In addition to transfers in plant exports, technology moves from Japan to China in "extensive personnel exchanges" between Japan's domestic and foreign telecommunications companies and their Chinese counterpart. An agreement signed between the Japan Atomic Industrial Forum and the concerned Chinese economic ministry provides for the

exchange of technicians and specialists, the opening of seminars and conferences of the two parties to representatives of the other party, and the exchange of technical information.¹³

In early 1982, China concluded an agreement with Toyo Engineering to purchase polystyrene technology. Japan is building a Japan-China Friendship Commemorative Hospital.

By enhancing the quality of the Chinese workforce, Japanese firms will be able to produce goods in China at prices that are more competitive in world markets. Thus Sony is initiating some manufacture in China for export; a first step was technology transfer to the Beijing Broadcast Equipment Factory with regard to cassette tape recorder production. This strategy can extend to services: a joint venture between a Japanese software firm and China's State Bureau of Computer Industry will perform labor-intensive computer programming under the guidance of Chinese engineers trained by the Japanese partner. Skilled Japanese technical advisors are consulting with Chinese on the plan to open up more than 6 million hectares (15 million acres) of new land and improve existing arable land in the northeastern province of Heilongjiang.

JAPAN AS A SOURCE OF CAPITAL

Capital accompanies technology; shortage of foreign exchange is as serious a constraint for China as its low technological level. Each of the aforementioned examples of technology transfer surveyed involves the direct or indirect transfer of capital. Principal recent Japanese commitments have been:¹⁴

Yen credit (the "six projects"). An intergovernmental loan formally concluded on April 30, 1980. The total is indeterminate, to be determined year by year, but

⁹Joint Press Communiqué on the Second Conference of Sino-Japanese Government Officials, Tokyo, December 16, 1981, in *Beijing Review* (Beijing), no. 52, December 28, 1981, pp. 15-16.

¹⁰A March 29, 1981 report claimed "promising oil strata" had been found. *China Newsletter*, no. 31, March-April, 1981, p. 29.

¹¹Accordings to Hattori Kenji, a member of the secretariat of the Japan-China Long Term Trade Committee, in *China Newsletter* (Tokyo), no. 36, January-February 1982, p. 3.

¹²42 billion yen in fiscal 1980 and the same sum in fiscal 1981. *Ibid.*, p. 5.

¹³*China Newsletter*, no. 35, November-December 1981, p. 18.

¹⁴This information is based in part on reports appearing in *China Newsletter*.

early estimates anticipated \$1.5 billion for ports, rail and power projects. Funds for two of these projects were converted in late 1981 to commodity credits to aid Baoshan Phase 1 and Daqing Petrochemical Complex.

Japanese Ex-Im Bank credit. Initially \$2 billion for coal and oil development, of which \$500 million was earmarked for Bohai oil. An additional \$435 million in suppliers' credits was included in the Baoshan-Daqing package in late 1981.

Long-term private credit. China has secured private lines of credit from Japanese banks, estimated in mid-1981 at about \$2 billion. The Baoshan-Daqing agreement includes \$304 million in syndicated yen loans from Japanese commercial banks to the Bank of China.

In mid-1981 JETRO reported that "very little" of the yen financing had been touched (two of the six projects had been suspended in the spate of project cancellations) and that China had declined to use the private long-term credit. That opened the way, in part, for the terms of the Baoshan-Daqing agreement, in the wake of project cancellations. In the next phase, China can be expected to seek additional aid assistance and Japan will probably grant it, but with an emphasis on those projects that have demonstrated the likelihood of successful completion.

THE LONGER ECONOMIC TERM

In effect, China and Japan have been conducting a joint, partially successful search for economic complementarities. Japan accords importance to China, however, not so much because of today's complementarities as because of those that Tokyo anticipates as the Chinese economy grows. China has also found that it cannot grow helter-skelter: there are domestic constraints on the speed at which investment can be undertaken. Japanese assessments of the prospects in China tend to be pessimistic, emphasizing the difficulties and China's economic backwardness.

The Beijing leadership must try to ensure that foreign exchange is used for priority objectives. Press accounts suggest that there has been a significant diversion of monies to imported consumer goods:

Foreign exchange should be used where it is most needed. It should be used to help Chinese industries replace equipment and achieve technological transformation, and to buy advanced equipment and accessories needed by new industries. It should also be used to buy things the state is not able to supply: new-type, high-quality materials urgently needed by processing industries which cater to foreign trade, the means of production urgently needed by agriculture, and consumer goods indispensable to the people's livelihood. Consumer goods should only be imported according to state plan. No other departments and localities should import consumer items without state authorization.¹⁵

¹⁵*Beijing Review* (Beijing), May 31, 1981; p. 14, reproducing (abridged) an article from the party's theoretical journal *Hongqi*, no. 8, 1982.

¹⁶*The New York Times*, March 14, 1982.

In effect, this policy permits grain import, but denies access in the China market to the consumer electronics industry in which Japan is so effective. Beijing prefers technical arrangements with Japanese manufacturers to develop facilities on Chinese soil.

Growth of the Chinese economy and Chinese capabilities will also create the possibility of contention between China and Japan. Since the 1950's, the two countries have argued, from time to time, about ocean rights and jurisdictions; disagreement will continue. The sharpest incident occurred in April, 1978, when 100 Chinese fishing boats, probably enjoying official sanction but not acknowledged as official by the Chinese government, intruded on the Senkaku Islands, which Japan claims and occupies. In late 1981, a Chinese oil survey ship operated near the Senkakus, but was withdrawn after Japanese protest. Proposals have been aired to evade the Senkaku dispute by agreeing to joint economic exploitation of the neighboring seas, and many commentators anticipate some such solution.¹⁶

Normal economic competition will occur in third-country markets, although today China and Japan compete in few goods. China lists machines and electrical appliances as one of four priority export sectors, and China should realize the best prospects for such exports in nearby Asian countries. Recent Chinese commentaries speak explicitly of building marketing networks abroad, improving the service of Chinese-made goods, and improving their quality and reputation. To the extent that Japan remains active in those sectors and the gap between Japanese and Chinese capabilities to manufacture for the market narrows, they will compete directly. Even more contentions could be the question of ocean resources. If China develops a large-scale distant ocean fishing fleet to supplement dietary protein supplies, China and Japan will find themselves both chasing a declining resource.

POLITICAL AIMS

At present, both China and Japan seek a political context conducive to meeting their economic priorities. This requires that they adjust their differences by negotiation. In choosing their foreign policy, leaders in both countries seek to maintain regional stability and an adequate degree of assurance against disruption by

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Bruce D. Larkin is chairman of the Committee on East Asian Studies at the University of California at Santa Cruz. He is a specialist in Chinese foreign policy and author of *China and Africa, 1949-1970* (Berkeley: University of California Press, 1971). In 1975-1977, he directed the University of California Study Centre at The Chinese University of Hong Kong, and in 1980-1981 he was Fulbright Lecturer at Keio University and the University of Tsukuba (Japan).

BOOK REVIEWS

ON CHINA

CHINESE ECONOMIC DEVELOPMENT: GROWTH AND STRUCTURAL CHANGE. By *Chu-yuan Cheng*. (Boulder: Westview Press, 1982. 535 pages, maps, selected bibliography, tables and index, \$35.00, cloth; \$15.95, paper.)

In this detailed history of Chinese economic development in the People's Republic of China since 1949, Chu-yuan Cheng answers three questions: "How did the Communist government transform traditional Chinese economic institutions into a socialist, central-planning system; what is the essence of China's development strategies. . . ; can the Chinese leadership achieve its ambitious goal of modernizing the national economy?"

China possesses the mineral and other natural resources for industrialization, although probably in smaller quantities than the United States and the Soviet Union, but the "high ratio of population to land has become the foremost handicap for China's development in the coming decades."

Cheng provides tables illustrating the points he makes. His short summary at the conclusion of each chapter is a useful tool for the student. Cheng writes in an interesting and understandable fashion on a highly technical subject. O.E.S.

CHINABOUND: A FIFTY YEAR MEMOIR. By *John King Fairbank*. (New York: Harper and Row, 1982. 480 pages, maps, photographs and index, \$20.00.)

John King Fairbank writes that "for the past fifty years I have been trying to understand China." In that same period, Fairbank has been educating scholars, statesmen and laymen. As a graduate student in Beijing in 1932, he began writing the first of his many books and articles on East Asia. He has made trips to China, has been stationed there, and worked in Washington, D.C., using his knowledge of things Chinese for the United States government. Because of his conviction that the Chinese Communists led by Mao Zedong would eventually win out over the Nationalist government, he was regarded with great disfavor by Congress and the State Department during the McCarthy era; but because he had no official diplomatic position in China during World War II, he was able to survive congressional hearings more successfully than the "China hands" who were blamed for the success of the Chinese Communists.

Fairbank describes at length his East Asian studies programs and relates the details of an interesting

life in a highly readable fashion. He uses excerpts from his diary to describe people and places in China and elsewhere. Most of the statesmen, scholars, soldiers and politicians who have been associated with East Asian affairs during Fairbank's lifetime are mentioned. Fairbank continues to educate Americans about China, to fight ignorance, and to put his "faith in our ongoing institutions devoted to fostering the free working of the mind." O.E.S.

THE SINO-SOVIET CONFLICT: A GLOBAL PERSPECTIVE. Edited by *Herbert J. Ellison*. (Seattle: University of Washington Press, 1982. 408 pages and index, \$35.00, cloth; \$14.95, paper.)

In an interesting foreword to this book, Senator Henry M. Jackson (D., Wash.) says that United States "policy makers in both the executive branch and Congress have more questions than answers. . . they have run out of road maps that guided them intellectually over the past decade." Herbert Ellison believes that the Sino-Soviet conflict has been a central issue in the superpower confrontation since 1950.

Ellison has selected articles that explore both Soviet and Chinese political and economic policies and the foreign policies that led to their struggle for the leadership of the Communist world. The overview article says that "the incompatible geopolitical interests of the two states" have become even sharper and that a "shift of substantial portions of Soviet military might to Asia to confront the Chinese has been a considered national policy throughout the Brezhnev era. . . little affected by tactical shifts in Chinese behavior toward the Soviet Union. . . ."

The concluding article on prospects for the 1980's states that "the fate of the Pacific peoples of the world and the Europeans are inextricably bound up with each other" and that American diplomats must be alert and wary and use their opportunities wisely. O.E.S.

TRANSFORMING RUSSIA AND CHINA. By *William G. Rosenberg and Marilyn B. Young*. (New York: Oxford University Press, 1982. 397 pages, chronology, notes, suggested reading and index, \$19.95.)

The authors compare the Chinese and Russian revolutions and the "elements of mobilization" that brought revolutionary groups to power in China and in Russia. They examine and evaluate political systems that the Communist systems replaced. In addition, they evaluate the successes and failures of

the Communist governments and point out similarities and differences. This study should prove to be a useful source of information for the student of political systems. O.E.S.

WHEN TIGERS FIGHT: THE STORY OF THE SINO-JAPANESE WAR, 1937–1945. By *Dick Wilson*. (New York: The Viking Press, Inc., 1982. 269 pages, maps, notes, photographs and index, \$16.95.)

Dick Wilson tells the military history of “the most damaging and bloody war ever to be fought between two nations”—the war between China and Japan. Some 2.5 million soldiers on both sides were killed and it is thought that perhaps 8 million civilians died of injury and disease associated with the war. Some 40 million people were left homeless. Later, this war graduated into an important theater of World War II and ended only in 1945 when World War II ended. It is ironic that after only a brief interlude China and Japan are so busy developing commercial ties.

Many of the military and political leaders of other Asian countries were involved in the Sino-Japanese War, perhaps only in a minor capacity; many of them continue to play an important part in the development of their respective countries.

During most of this warring period, Chinese Communists and Nationalists cooperated to some extent to fight the Japanese invaders. But subsequently, they too engaged in bitter struggle. And by 1949, Mao Zedong's Communists had successfully taken over China. Wilson calls the Sino-Japanese War a “wasteful episode which did no good to anyone. . . it achieved nothing.” O.E.S.

THE CHINA-CAMBODIA-VIETNAM TRIANGLE. By *Wilfred Burchett*. (Chicago, Ill.: Vanguard Books, 1981. 235 pages, \$6.95, paper.)

The recent history of Kampuchea (Cambodia), the Pol Pot regime, its overthrow (with Vietnamese aid) and the terrible effects of the turmoil on the Khmer people are described sympathetically by Wilfred Burchett. Today the survivors are “road people, pushing and pulling primitive carts across the face of Kampuchea. . . hoping to find family members who have survived” the Khmer Rouge rule. O.E.S.

THE AWAKENING GIANT: CHINA'S ASCENSION IN WORLD POLITICS. By *Harish Kapur*. (Alphen aan den Rijn, the Netherlands: Sijthoff & Noordhoff, 1981. 314 pages, selected bibliography and index, n.p.)

China's emergence as an increasingly important actor on the international scene is traced in this am-

bitious study. Harish Kapur of the Graduate Institute of International Studies in Geneva traces China's off-again, on-again relationship with the Soviet Union, the United States, Japan, West Europe, and the third world. The comprehensive overview provides a useful basis for evaluating China's options and aims in the 1980's. Alvin Z. Rubinstein
University of Pennsylvania

EDUCATION UNDER MAO: CLASS AND COMPETITION IN CANTON SCHOOLS, 1960–1980. By *Jonathan Unger*. (New York: Columbia University Press, 1982. 308 pages, appendices and index, \$24.00.)

Jonathan Unger discusses the differences between “pre- and post-Cultural Revolution schools.” He describes in detail the deterioration of educational standards during the period of the Cultural Revolution and evaluates attempts to revive the older, higher educational standards after the death of Mao. O.E.S.

ORGANIZING CHINA: THE PROBLEM OF BUREAUCRACY, 1949–1976. By *Harry Harding*. (Stanford: Stanford University Press, 1981. 418 pages, bibliography, glossary, notes and index, \$29.50.)

The author's “aim is to examine the problems Chinese leaders have encountered in building and maintaining effective administrative organizations, and the divergent approaches to organizational questions they have taken” from 1949 to Mao Zedong's death in 1976. Harding believes that organizational policy is both controversial and more important in China than it is in many other countries. O.E.S.

MISCELLANEOUS

U.S. POLICY TOWARD JAPAN AND KOREA: A CHANGING INFLUENCE RELATIONSHIP. By *Chae-jin Lee and Hideo Sato*. (New York: Praeger Publishers, 1982. 208 pages, selected bibliography and index, cloth, \$21.95; paper, \$10.95.)

Since the early 1970's, a series of serious economic, political and military problems has threatened permanent damage to the post-World War II friendship between the United States and Japan and between the United States and South Korea. After

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Erratum: We regret an error in the article “Political and Economic Development in Sri Lanka,” by Tissa Fernando, in our May, 1982 issue. Page 211, left column, lines 1 and 2 should read; “Sri Lanka became independent in 1948 after nearly four and a half centuries of Western rule.”

DEFENDING CHINA IN 1982

(Continued from page 250)

ware will be relatively easy; it will require only money and time. PLA "software" modernization—solving its "people problem"—is vastly more difficult.

Educated manpower is China's scarcest resource, largely as a result of the Cultural Revolution (1965-1976). An entire generation of Chinese youth was denied proper education; and thousands of qualified teachers and researchers were harassed, killed and otherwise prevented from learning or teaching. As a result, most PLA soldiers and junior cadres are poorly trained in basic science and mathematics. Even if modern military equipment were available in quantity, the army's ability to "absorb" it would be severely limited.

Even more inhibiting to the human modernization of the PLA are deep-rooted social and psychological phenomena. Since 1976, with the official debunking of radical "Maoism," the policies of the "gang of four" and Lin Biao, a pervasive cynicism has infected China's population. Mao and his followers repeatedly made extravagant promises and took radical initiatives that led to economic and administrative collapse. The extravagant goals and rhetoric of 1977-1978 sounded remarkably like the goals of Chairman Mao Zedong's "Great Leap Forward" of 1958-1960.

The "New Long March to the Four Modernizations" was to be achieved by different means, but the extravagance of the official vision was much the same. The retrenchment and scaled-down claims of 1979-1981 also appeared to be part of the familiar pattern. General disillusionment, skepticism and cynicism have resulted, and the PLA has not been immune. Moreover, the high prestige of the army itself has suffered in recent years, as the official press has criticized corruption in high places—including the military high com-

mand. Mistakes and abuses committed by some PLA units during the Cultural Revolution have also been acknowledged and criticized.

Recent policy changes in the rural sector have increased food production considerably,¹⁷ but have damaged PLA recruiting and morale. The commune system is being dismantled in favor of the "responsibility system" in production.¹⁸ As a result, there is now an economic incentive for a peasant to keep his sons at home on the land. Soldiers are concerned about the welfare of their families, who are supposed to be cared for by the production teams and brigades that appear to be disintegrating.

Moreover, military service is no longer the best or only "route up" in Chinese society. An increase in perceived opportunities for advanced education and careers in science, technology and even foreign trade attracts educated youth. The military no longer attracts all the best and the brightest. For the first time in the history of the People's Republic, the conscription quotas for 1979, 1980 and 1981 were difficult to fill with qualified volunteers. These problems of education, morale and recruitment will only be solved if and when there have been fundamental nationwide social readjustments.

Related and even more intractable problems concern old soldiers. Many PLA cadres¹⁹ are very old soldiers indeed, having joined the Communist movement as teenagers 40, 50, or even 60 years ago. Today, they are being told to master complex logistics, electronic warfare and increased firepower—which call for new tactical and professional conceptions as well as technical knowledge and skill.

Combined arms training is now being emphasized all the way from the squad to the corps and MR levels. But the PLA has had no combat experience with this training and is only beginning to develop doctrines and techniques that the Soviet, American and European armies worked out during World War II. The Chinese must develop modern doctrine that will become applicable as newer equipment becomes available. At the same time, they must develop interim doctrine to take maximum advantage of existing hardware. This interim doctrine must combine the defense of strategic areas with various modifications of the traditional guerrilla "people's war." In a major policy statement in October, 1979, Defense Minister Xu Xiangqian declared that national defense is to be based on existing weapons, even as newer weapons are being developed. Moreover, he emphasized that the transition is likely to be lengthy.²⁰

In January, 1982, PLA leaders began to speak of the need to develop "the strategy and tactics to defeat a better equipped enemy while we ourselves are poorly equipped during the initial period of a war."²¹ The italicized phrase is significant because it deals with a strategic problem that Chairman Mao Zedong's "people's

¹⁷Jürgen Domes, "New Policies in the Communes: Notes on Rural Societal Structures in China, 1976-81," *Journal of Asian Studies*, vol. 41, no. 2 (February, 1982), pp. 253-267.

¹⁸See the articles by Jan Prybyla and Kuan-I Chen in this issue.

¹⁹Since 1965, officially there have been only "fighters" and "cadres" in the PLA—comparable to the enlisted men and officers of other armies. There are no rank titles, and an individual is known simply by his position (e.g., "Company Commander Chang," "Squad Leader Li"). There are no insignia of rank or position, except that a cadre's jacket has four pockets, whereas a fighter's generally has only two. There is a fairly complex informal system, however, whereby a cadre's status can be estimated fairly accurately by the number and quality of pens in his breast pocket, the presence of a wristwatch and/or leather shoes, and the cut and material of his uniform.

²⁰Xu Xiangqian, *Hongqi*, no. 10 (October, 1979), p. L13.

²¹NCNA, January 24, 1982, trans. in *FBIS*, no. 82-016, pp. K16-K17 (emphasis added). Also see statement by Deputy Chief of Staff Zhang Zhen, NCNA, January 17, 1982, trans. in *FBIS*, no. 82-012, pp. K11-K12.

war" did not address. Mao's basic doctrine was to "lure the enemy in deep" and then to defeat him with guerrilla warfare waged by the mobilized populace. Just what the PLA—especially its main forces—was to do during the opening days of the "luring in" phase was never explained. By emphasizing that initial phase, today's leaders are integrating mechanized combined arms tactics into "people's war under modern conditions," while neatly sidestepping any implication that they are challenging the "military thought of Mao Zedong." It appears that they envision something akin to the "active defense" doctrine of the United States Army, or perhaps more conventional (and better proven) armored delay tactics that trade space for time while inflicting maximum casualties on the attacker.

A serious problem with such tactics is that they require excellent battlefield surveillance equipment, accurate long-range artillery, antitank and air defense weapons, and a high degree of tactical mobility—all of which are glaringly deficient in the PLA. But the deficiencies of senior Chinese commanders are even more glaring. According to Xu, the principle task of the PLA in 1979-1981 was "emancipating the mind" to overcome "ossified thinking"—especially among senior officers. Many veteran cadres evinced a strong preference—officially denounced as leftist—for the traditional PLA cadre who is "jack of all trades but master of none."

"Ossification" could be dealt with by rapidly replacing all old cadres with well-trained younger men, but that may be impossible for political as well as practical reasons. "Ossification" pervades the upper levels of the PLA, affecting men too numerous and too deeply entrenched to be eased out quietly all at once. Furthermore, there simply are too few well-trained younger men available. In late 1979, as a stop-gap measure, the PLA general departments and MR's organized crash courses on "the technology and techniques of modern warfare for high and middle ranking officers." These classes were extremely academic, mostly lectures, discussions and essay writing.

New ideas are not being adequately tested "on the ground," not only because of the lack of equipment but because of the apparent disinclination of some senior officers to try anything new. Passive resistance to change accounted in part for the endless discussions of "practice as the sole criterion of truth" in 1979. Still another problem is the advanced age of senior tactical commanders, many of whom are not physically fit for prolonged field duty. If the spring of 1982 shakeup at the ministerial level is any indication, thousands of old soldiers may have been forced to retire, at last, in 1981-1982. That would be a big step in the right direction, but the problem of training replacements re-

mains. Since May, 1978, there has been a major effort to encourage individual and unit "scientific and cultural study." Unprecedented emphasis is being accorded to formal schooling, and Western-style military academies have resumed operation.

Cadres and soldiers are now being selected for advanced schooling and subsequent reassignment. This procedure will tend to reduce the influence of PLA unit party committees and political commissars, which heretofore have been deeply involved in cadre selection and promotion. Moreover, if cadres periodically join new units, personal recognition will have to be supplemented by recognizable insignia. The implementation of cadre rotation would provide justification for this measure.

Some senior PLA men resist the rank system, however, regarding it as a betrayal of the revolutionary tradition.²² Others, like Chief of Staff Yang Dezhi, support it. Since 1980, speculation in Beijing has pointed toward Army Day (August 1) 1982 as the day a rank system will be reintroduced.

Yet another aspect of "modernization" is the organizational restructuring which has been under way since mid-1981. Reports indicate restructuring at virtually all levels, including the new National Defense Council specified in the draft constitution, a consolidation of some service branches, readjustments in the MR system, and an overhaul of the People's Militia. Moreover, the total size of the PLA is being reduced, and some non-military tasks (e.g., construction and police functions) are reverting to other agencies.

If the policies of First Deputy Premier Deng Xiaoping, Defense Minister Geng Biao, and Chief of Staff Yang Dezhi succeed over the next few years, China's military will achieve only marginally modernized hardware, but the PLA will be somewhat smaller and much better trained, with a younger and more professional officer corps. Within a decade or so, if these trends continue, the PLA will also become considerably less politicized, although it will remain loyal both to China and to the Communist party. ■

CHINA'S POPULATION POLICY

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trition subsidy of 20 yuan (in rural areas, communes and brigades share the cost of the subsidy equally). No nutrition subsidy is given at the birth of a second child.

The specific economic incentives for the one-child family vary in different localities, but generally speaking, they include the following incentives. (1) In the cities, the normal income supplement is at least 4 yuan per month until the child is 14 to 16 years old. In the countryside, the allowance is 40 yuan or more a year. Should the couple have a second child, this allowance is terminated and they are required to repay the accumulated allowance they have received. (2) The med-

²²Vice-Minister of Defense General Su Yu, quoted by Kyodo (Tokyo), May 22, 1978, in *FBIS*, no. 99, p. E23. Also see *Mainichi Shimbun* (Tokyo), September 9, 1978, p. 4.

ical, nursery and educational fees for the single child are waived. (3) The allocation of housing space and private plots for the one-child family is on the same scale as that of a two-child family. Should the couple have a second child, the extra allocation of housing and private plot will be withdrawn. (4) Pensions are increased for the parents of the single child. In the countryside, where pension provision is still uncommon, new pension schemes are being introduced in recent years in some communes, especially the economically more affluent communes. (5) Special measures provide the child with employment and help him or her to remain in the parents' district. (6) Parents of a one-child family have priority in job allocation—more lucrative jobs—in the industrial enterprises run by the brigade and commune. Should the couple have a second child, they lose the jobs.

The total benefits received by the parents of a one-child family may amount to 25-33 percent of their total household collective income. Thus the benefit for maintaining a one-child family is substantial, while the burden for a two-child family paying back the accumulated sum previously received is correspondingly substantial. Of course, a second child would contribute to the family income after joining the labor force, but this would happen only in the distant future. In some localities, the penalties for having several children are heavy. The normal provision of free education, grain rations at subsidized prices, an allowance of housing space and rural private plots are often denied the third child. In addition, the birth of a third child is penalized by the deduction of 10 percent from the parents' monthly earnings. The "one-child" rule is applied strictly in some localities, even to cases where there is a single multiple birth pregnancy.²³

The one-child family has generated fear among peasants. In case the only child is a girl, the grandparents may be upset that the ancestral line will not carry to succeeding generations. This thinking is a vestige of a male-oriented society; the Marriage Law of 1980 stipulated, in Article 16, that children may adopt either their father or mother's family name. But there may be a conflict between a husband's family and a wife's family in the choice of the family name. Behind this feudal fear are other fears: a female only child will marry and leave her parents to live with her husband's family; or an only child may die before its parents retire from work but too late for them to have another baby.

Another fear is that the one-child family may cause

²³Aswani Saith, "Economic Incentives for the One-Child Family in Rural China," *China Quarterly*, September, 1981, pp. 492-496; "Introduction of Economic Incentives Toward the One-Child Family," *Population & Development Review*, June, 1979, pp. 377-378; and Leo F. Goodstadt, *op. cit.*, pp. 47-49.

²⁴Leo F. Goodstadt, *op. cit.*, pp. 51-53; Wenruo Hou, *op. cit.*, pp. 72-75.

the aging of the population and that eventually the labor force will be inadequate. However, government projections show that if the one-child family prevails, the total of those in the working population will grow from 503 million in 1979 to 761 million in the year 2000. The arguments over ancestral lines and the future labor supply distract from a more sensitive issue among the peasants: "Who will take care of me in my old age?"

The government has attempted to mitigate this fear by stressing the legal obligations of family members to one another under the criminal law and the Marriage Law of 1980. Neglecting the support of parents and grandparents is a criminal offense punishable by up to five years imprisonment. Local governments also protect the elderly, especially in rural areas, through the introduction of retirement pensions, special financial support for retired persons, and special accommodations so that an only child can find a job and housing near parents. Equal pay for equal work is being stressed so that the daughter in a one-child family will have adequate pay to support her parents.

Finally, the local authorities stress the fact that the husband may join his wife's family. Article 8 of the new Marriage Law permits such an arrangement. Thus the daughter in a one-child family can play the role of a son in supporting parents in their old age.²⁴

Still, obstacles to the policy of a one-child family in rural areas remain. The forces of tradition prevail in rural areas, and measures to protect the elderly will be adopted only slowly. In addition, agricultural reforms have introduced the Responsibility System to the communes. Under the system, larger families have manpower to work on the collectives as well as on the private plots and sideline production and, therefore, will tend to become richer. This will retard the promotion of a one-child family. Lastly, a commune is a collective enterprise in which expenses and income are shared. Since the subsidy to a one-child family must come from the common fund of the collective, neighboring families (especially two-child and three-child families) may not be willing to subsidize their neighbors for having only one child.

Even if the response to a one-child family is enthusiastic, there will probably be an upsurge in births in the near future. The regulations on a one-child family reward those who have one child and then refrain from having a second one, but they do not reward those who are childless. The rise in the population growth rate from 1.2 percent in 1980 to 1.39 percent in 1981 is attributed by some to the establishment of the Responsibility System in the commune and the bias of one-child family regulations toward earlier birth.

But in spite of obstacles, the one-child-family policy will have a positive effect in bringing down the birth rate. What is uncertain is the ability of the government to persist in the one-child-family policy while making

tactical adjustments and correcting the misuse of authority on the part of overzealous officials. All industrial countries have brought down their population growth rates through the slow process of industrialization and urbanization. China is the only less developed country that is trying to slow its population growth rate to a rate comparable to those in highly industrialized countries. The task is formidable and challenging. Because China has about 22 percent of the world's population, reducing its population growth rate will clearly make a major contribution to holding down the world's population growth rate. ■

SINO-AMERICAN RELATIONS: REACHING A PLATEAU

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been little affected by disagreements between Washington and Beijing. In fact, foreign oil exploration—mostly American—has proceeded ahead of schedule, and two-way trade continues to increase. Neither side would like to see relations deteriorate; nor would either side want to resume the kind of relationship they had during the 1950's. Relations have improved and mutual interests are being served. Yet it is unreasonable to think that this relationship can continue to improve, or that it should do so. ■

ENERGY DEVELOPMENT IN CHINA

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forces this conclusion is the spatial dimension: the degree of imbalance between the geographical location of amenable sources of supply and areas of need. This difficulty affects a vast country like China in several different ways: for example, most of the coal reserves (73 percent) and production are located in the north and northeast, which only holds 30 percent of the population; oil reserves and output are more spread out, but 63 percent of oil production originates from three fields (Taching, Shengli, and Takang) within these two regions; natural gas is even more concentrated, with about 90 percent of production coming from Szechuan in the southwest.¹⁷

¹⁷For a broader discussion of the regional distribution of resources, see C. Howe, *China's Economy: A Basic Guide* (London: Granada Publishing, 1978), especially pp. 105-114. Smil, "China's Energetics," also provides an informative discussion.

¹⁸*Beijing Review*, March 23, 1981.

¹⁹Smil, "China's Energetics," p. 122.

²⁰*Beijing Review*, April 13, 1981.

²¹CIA, *Electric Power for China's Modernization*, p. 3.

²²*Beijing Review*, April 14, 1981.

²³A wider discussion of the history and forces affecting nuclear energy decision-making is provided in A. Wong-Fraser, "Supplying China's Energy Needs to the Year 2000," in J. E. Katz and O. Marwah, eds., *Nuclear Power in Developing Countries: An Analysis of Decision-Making* (Boston: D. C. Heath, 1982).

Thus, it is not only expedient but also essential to build up other sources of energy to avoid the erosion of China's fiercely defended energy independence and the jeopardizing of its transition towards comprehensive development, as well as to relieve the depletion of existing, accessible resources and to ease the necessary shift into more remote higher cost fields.

In one sense, there is some room to maneuver, particularly since energy expansion has been designated one of China's top priorities.¹⁸ In terms of alternative energies, China is also well endowed: it can take advantage of solar and geothermal sources, and it leads the world in biogas production.¹⁹ Looking at the problem the other way round, there is an awareness of the potential for reducing energy consumption by eliminating waste and implementing conservation measures, particularly with respect to petroleum.²⁰

In the longer run, progress in alternative energy development may well be the mainstay of China's development, but these sources are not currently capable of providing a fast, extensive and comparatively cheap means of meeting the potential energy deficit nor of solving the attendant locational problems. Thus electric power probably cannot continue to be ignored as it has been in the past despite pervasive brownouts and blackouts and the threat that industries will close or work at less than capacity.²¹ Indeed, the generation of electricity is now recognized as a bottleneck and plans have been made to build or expand 61 thermal or hydropower stations along big rivers and in some coal bases.²²

Although this capacity is intended to add significantly to China's existing generating capability of approximately 60 billion kilowatt hours (kwh), there are also weaknesses in this type of reinvigorated expansion. The increased use of coal and oil-fired stations, for example, will add to the strain on production and put a strain on transport as well, if these fuels are used in needy areas remote from accessible fields. And while China's lengthy, but modest, experience with hydropower offers a reliable and proven alternative, it is also imprisoned by the yearly availability of water and the location of major water sites.

Hence, even with these advances, the twin problems of magnitude and spatial needs cannot be completely overcome. In fact, recognizing that electric power is the key to progress and that present capabilities cannot be sufficiently extended, the Chinese have returned to a serious consideration of nuclear energy as an additional source of power. They hope to take advantage of its bigger generating potential and greater flexibility in location, and its advantages as a non-depleting energy source.²³ Thus in spite of the suspension of a deal with France for two 900-mw pressurized-water reactors in the spring of 1979, a more solid construction commitment—a joint Hong Kong and Canton venture—on a site inside Guangdong province, 50 miles

northeast of the Hong Kong border, has recently been concluded. One more 900-mw nuclear power station may be built in the same region; two for the northeast industrial province of Liaoning have also been planned; and, in collaboration with France, two for the Shanghai area.

SUMMARY AND CONCLUSION

In several ways China's energy development will proceed along familiar lines to the end of the century in spite of the Five Modernizations. Growth trends for fossil fuels will continue to decline and, although coal is going to remain the biggest energy provider, the contribution of oil and gas will continue to rise. Additionally, alternative sources of energy, like biogas and geothermal energy, will still be developed; and the use of inefficient fuels, such as crop by-products and wood, will be increasingly removed from the economy.

These well-established trends in production will be more and more modified by the widening role of electric power in the economy, a role emerging in response to a manifest shortage of electricity as well as an imminent national energy gap and regional imbalances in the supply and demand for energy.

These forthcoming changes indicate more than mere alterations in the energy mix, however; underpinning them is a different attitude towards modernization and the means of achieving it. Traditionally, China's emphasis on self-reliance and rural development has curtailed large-scale energy projects and placed a burden on the use of small-scale technologies. In the face of mounting industrial and urban concentration, this strategy has become increasingly incapable of sustaining widespread economic growth. And although the goal of maintaining self-reliance has not been discarded, it is now balanced with "seeking foreign assistance as a supplementary means," and creating "favorable conditions for foreign investors."

This change in emphasis on the means of attaining development goals is apparent in the traditional fuel areas, particularly oil and gas, where Western governments and companies have been scrambling to supply advice and equipment. It is even more manifest in the area of electric power, where the development of atomic energy especially signifies close collaboration, large-scale investment, and visible use of foreign technology. ■

ECONOMIC READJUSTMENT

(Continued from page 267)

a matter of course remains a party and state secret in China: "Before they are made public, all of the party's private activities are state secrets."¹² You can get seven years in prison for divulging them.

Western bankers and government agencies have

also been active in the loan business, undeterred by their nerve-wracking experience with Poland and the possibility of default by other spendthrift state socialist economies (Romania, Hungary and East Germany). The bankers, one might think, should have been jolted out of their belief that Communist countries are good financial risks. Experience shows that they are not better risks (and are possibly worse, because of their reluctance to reveal financial information) than other underdeveloped and developing countries. China is no exception. It is likely that China's debt service ratio (the ratio of payments of interest and principal to the sum of hard currency commodity and services export balance) is now well beyond the danger zone of 0.2, i.e., 20 percent of hard currency exports eaten up by debt payments. (Poland has a debt service ratio of 1.4.) In 1981, China obtained \$8.8 billion in foreign funds, \$2.5 billion of it in medium and low interest Western government credits.¹³

Updating equipment, "no-frills" upgrading of production and distribution facilities, and technical transformation of existing administrative procedures are "readjustments," that is, changes within the system. Such readjustments have been made in all Soviet bloc countries since Stalin's death. But they do not address themselves to the more intractable problems of the system itself, and they create new distortions. Systemic reforms are politically more difficult, perhaps impossible, so long as the Communist party insists on its exclusive "leading role" and all assets remain firmly in the hands of the state bureaucracy. Economic reform means giving the mass of consumers and producers (factory, farm and store directors) a meaningful say in what is to be produced and how it is to be distributed, with the state intervening in the process of production and distribution through fiscal, monetary and—occasionally—administrative policies. It means a dramatic broadening of participation in economic decisionmaking and a change in the role of the state from that of dictator and mover to that of prompter and controller of economic traffic. Implied in systemic reform is a change in property relations, *de facto* privatization—in this case—of social property in the means of production and distribution, and a thorough reform of the price system to make it reflective of the new, decentralized loci of decisions.

THE "RESPONSIBILITY SYSTEM"

Only one measure taken so far qualifies under the heading of systemic reform in China, and even it must be regarded as partial. It goes by the name of the "Responsibility System" in agriculture (*dìng bāo jiāng*). There are many variants, but the essential point is that the production team (the basic unit of farm production and income distribution since the 1960's, a collective comprising some 30-40 households under the leadership of a party-appointed management) enters into

¹²*Ibid.*, p. 3.

¹³*Financial Times*, May 26, 1982, p. 6.

contracts with production groups (3-6 households), individual households, or in some cases individual peasants, for the delivery at state-set prices of fixed quotas of such commodities as grain, oils, cotton, eggs and poultry. The contracting party is responsible for the payment of the agricultural tax and for its share of the collective reserves (accumulation, social fund). Legal title to land and other farm assets remains vested in the team, but broad rights of use to parcels of land and assets (the latter on a rotating basis in the case of larger farm equipment) are transferred to the groups, households or individuals.

Once the contracted-for quota of produce is delivered to the team, taxes are paid, and dues are discharged, the individual, household or group can produce and distribute (consume or market) the surplus produce in any way it wants. The reform is not original: it was initiated for a time in the wake of the disastrous Great Leap Forward in the early 1960's, only to be wiped out by the Cultural Revolution a few years later. The latest partial decollectivization has been accompanied by the reactivation of relatively free peasant markets, the enlargement of "private" household plots (in addition to the contracted plots) from a minimum of 7 percent to 15 percent of the collective arable area, the encouragement of private household subsidiary activities (rural handicrafts among them), and a more benign official attitude toward private enrichment, no longer officially regarded as a symptom of ideological slippage.

There are many problems: the tendency of local cadres to impose the system in a blanket way (irrespective of whether the household wishes it or not) is one. The disgust with which many local left-wing cadres and their protectors higher up view the experiment is another. In any event, the government still directs the teams, and the teams tell the peasants what they must grow first, how much, and at what price, although there appears to be some give and take in the fixing of prices and quotas. Party officials (40 million of them) still keep interfering at every step in local economic matters over which their professional competence is at best marginal, at worst negative.

More ominously, the experiment is tied to the baroque and fluid political situation at the top. Production responsibility, in short, is the product of a physical crisis, rather than of calm deliberation made in times of comparative prosperity. Like the earlier experiment associated with the name of Liu Shaoqi, it can be reversed when things get materially better or if unreconstructed leftists in the leadership (and there are many of them) once again gain the upper hand. In the meantime, the fragile consensus is that truth in agriculture must be sought from facts, and the facts

seem to show that grain does not grow on Marxist ideology. The reverse of this truth is that grain grows better on another ideology. When the bureaucrats at the top catch on to that, the reform will be seriously imperiled.

Despite the problems still to be ironed out, the Responsibility System is credited with much of the success shown by China's agriculture in the last few years in the face of unprecedented natural disasters. The peasants, we are told, actually go out into the fields before sunrise without the team leaders' prodding, and they work diligently until well after sundown. Per capita net rural income (from collective and noncollective activity) in one of the more affluent provinces (Jiangsu) rose by 12 yuan between 1955 and 1977 (about \$.32 a year). It increased by 83 yuan from 1978 to 1981 (about \$1 a year); three times from next to nothing. This compares with an increase in per capita urban income of 147 yuan between 1974 and 1981.¹⁴ In the absence of strict controls over migration, the differential between rural and urban incomes is likely to encourage a massive influx of peasants into the cities; forcibly rusticated urban youths would be in the forefront of the movement. Expanded free-market sales of farm produce have kept up pressure on urban consumer prices. While inflation is said to have been squeezed down to 2 percent last year, the calculation is based on controlled prices only, and the rate of real inflation is certainly substantially higher.

Under the newly proposed state constitution, the rural people's commune has been divested of its government functions at the township level and is to be confined to economic duties mainly concerned with water conservation and the conduct of commune-level mini-industries. This is an administrative adjustment that may herald (but does not yet constitute) a fundamental change in the commune system. Economic devolution of decision-making in industry is marking time and is overshadowed by more immediate concerns with technical readjustments.

CONCLUSIONS

So far, despite the spectacular alterations in China's economy as compared with its Maoist past, the changes have been by and large limited to technical upgrading. With the exception of the Responsibility System in agriculture, reforms touching the core of the system of economic organization are notable for their caution and potential reversibility. Even in the case of the agricultural reform, there lurks a concern with rebuilding and strengthening the administrative command apparatus, and official preoccupation (not surprisingly, given the age and experience of the officials) turns to the alleged good old days of central planning (1953-1957). The post-Gang of Four love affair with systemic decentralization and democracy walls has perceptibly cooled. Political reconciliation with the Soviet

¹⁴*Beijing Review*, no. 48 (November 30, 1981), pp. 16-17; no. 17 (April 26, 1982), pp. 15-18.

Union, which can be excluded from American consideration only at the risk of costly self-delusion, would almost certainly accelerate the basic drift toward the reestablishment and streamlining of the old administrative command system. ■

POLITICAL REFORM IN CHINA

(Continued from page 263)

be equipped with a specialized committee structure to facilitate its work. Whether this reform will lead to a better balance between executive and legislative authority is arguable, but the defensive tone of press commentary suggests that skepticism about this reform is widespread.

Of all the changes introduced in the draft constitution, the most genuinely "radical" and clearly Dengist is the provision for limited-term appointments to such important posts as Premier, State Chairman, and Central Military Council Chairman. The stipulation that China's senior officials should be limited to a maximum of two successive five-year terms is a major change in the Chinese context and the one most closely associated with Deng's strenuous efforts to end the system of "lifelong tenure" for cadres. This constitutional reform is paralleled by a program of administrative streamlining, under way since the fourth session of the fifth NPC in late 1981, which similarly bears Deng's stamp. In April, 1982, reporting on the first four months of structural reforms within the State Council, Premier Zhao Ziyang described dramatic progress in reducing the number of ministerial level organs, which were cut from 52 to 41, and in cutting the size of "leading bodies" at all levels. The number of Vice Premiers, for example, was cut from 13 to 2, and reduction was even more drastic at the Deputy Minister level where over three-fourths of such appointments were pared away. The total staff reduction at all levels in the central ministries was about one-third of the total. Significantly, a parallel process of retrenchment in the 30 departments of the Central Committee apparatus involved a comparable staff cut of about 20 percent.

This process of retrenchment and upgrading has been accompanied by a program of rectification targeted principally against cadre corruption but also against remnant leftists. Although China's leaders have denied that the goal is a purge, the requirement that appointments to the refurbished cadre force possess "political integrity," a term which excludes corrupt and factionalized officials and those who rose to power through "rebellion," suggests that the long-delayed political clean-up has begun.

²⁰*Renmin Ribao*, November 16, 1981.

²¹*Hongqi*, November 1, 1980 (FBIS, November 17, 1980, L 21).

²²*Beijing Ribao*, January 23, 1981 (FBIS, February 2, 1981, L 8).

It was the avowed intent of those who revised the constitution to establish an institutional framework that would endure. Press commentary in 1981 on the principles of constitutional revision expressed a clear preference for amending procedures that would endow the new constitutional order with both flexibility and longevity.²⁰ Thus, the provision that constitutional amendments require a two-thirds majority for passage, though of only nominal significance in a Parliament whose majorities have tended to be unanimous, gives expression to the commitment to institutional stability.

Yet the durability of the current institutional framework is by no means certain. The basic impetus to structural reform in 1980 was the genuine disenchantment on the part of the liberal wing of the modernizing coalition with institutional constraints on effective economic modernization, and certainly that same dynamic is at work today. What this implies, however, is that a crucial long-term determinant of the staying-power of the current framework will be its perceived suitability. A second factor is the relative influence of conservative and liberal forces in the leadership. An analysis of recent appointments to the revamped state-party structure suggests that the liberal group has a temporary upper hand. The appointments of Yao I Lin and Wan Li as the retained Vice Premiers and the appointment of Hu Qili and Deng Liqun to the revamped Central Committee departments and organs point to the consolidation of the power of Deng and his protégés. This would suggest that short-run challenges to the current institutional compact are likely to come from the liberal rather than the conservative wing of the reform coalition.

Yet the longer run prospect is far less clear. China will adjust the boundaries between party and state, between center and region, between plan and market, only after painstaking and prolonged experimentation, the outcome of which will hinge critically on the response of the bureaucracy. Deng, by the force of his own example in refusing senior appointments and voluntarily pledging retirement to the "second line," has partially succeeded in defusing upper level opposition. But the real problem is at middle and lower levels of the system, where (as reform advocates noted in late 1980) "considerable ideological obstacles" to reform exist; some cadres are "shocked by the word reform" and others are "obsessed with things of the past."²¹ Although this opposition is frequently derided in the press as "ossified" thinking, in most instances it appears rooted in a desire to protect existing procedures and bureaucratic interests.

Reported cases of obstruction illustrate the difficulties. A Beijing paper, for example, reminding erring cadres of the requirements of judicial independence, complained that "leading comrades do not comprehend the need to revoke the practice of examining and approving cases by party committees."²² Similarly,

party intervention has been reported in the electoral process, with some party committees "brazenly overturning election results."²³ In another instance, a deputy to the Anhui Provincial People's Congress was "slandered and framed" for exercising his new oversight functions by criticizing officials' "unhealthy practices."²⁴ And very great opposition has been reported to current efforts at reforming the cadre system of appointments.²⁵

Whatever the success of current reforms, these violations dramatize a central issue in the modernization of socialist systems generally, which is the critical importance (as well as the great difficulty) of reforms that seek to redefine the party's role in the broader political system. This challenge is likely to keep institutional issues well to the forefront of the policy agenda for a long time to come. ■

²³*Hongqi*, no. 17 (1980), Radio Beijing, September 6, 1980 (FBIS, September 11, 1980, L 40).

²⁴Radio Hefei, November 6, 1980 (FBIS, November 7, 1980, O 1).

²⁵*Ming Pao* (Hong Kong), March 11, 1982 (FBIS, March 11, 1982).

SINO-JAPANESE RELATIONS: ECONOMIC PRIORITIES

(Continued from page 271)

others, and each nation considers the most likely external threat to be the Soviet Union. The first political objective, then, is mutual assurance.

Finding and sustaining an adequate policy toward the Soviet Union is the second political objective. The LDP leadership of Japan has staked its security policy on a treaty relationship with the United States. China has improvised from her tradition of territorial defense (to deter conventional attack), a modest nuclear capability (to deter nuclear attack), and growing political ties that include *conversation—but not quite coordination and certainly not alliance*—with the United States.

Of course, their mutual relations and their fears of Soviet intentions prompt both China and Japan to think about each other with Moscow in mind. Beijing was pleased when, in 1978, Tokyo finally adopted a peace treaty with China that included a clause denouncing "hegemony," a coded Chinese reference to the Soviet Union. In a review of the Suzuki government's first year, China voiced pleasure that

the "all-directional diplomacy" line in foreign policy was switched by [Suzuki's predecessor] Ohira when he was Prime Minister to "becoming a member of the West," that is, strengthening ties with the United States and Western Europe against the Soviet menace. Prime Minister Suzuki has carried on this line.¹⁷

¹⁷*Beijing Review* (Beijing), no. 37, September 14, 1981, pp. 12-14.

¹⁸Kyodo (Tokyo), May 31, 1982, in FBIS (AP) 1982, no. 105, p. C5.

The Soviet Union, said the Chinese commentator, had "tried to lure and to put pressure on Japan" but had been rebuffed.

Japan, for its part, has been moving carefully once again to set in motion cooperation with the U.S.S.R., suspended at the time of the Afghanistan invasion. Despite continued Japanese suspicion of Moscow, China cannot expect Tokyo to give up the valued economic prospects of cooperation with the Soviet Union.

The texture of relations between Japan and China is certainly more complex than the polite language of official talks would suggest, and each party must be wary that sudden or substantial changes may take place in the political orientation of the other. But there is a degree of congruence between the main themes stressed in the Japanese report on the initial Zhao-Suzuki talks on May 31, 1982, and the actual relations between the two states:

Suzuki said friendly and cooperative relations between the two nations have been developed steadily despite constant international tensions. But he said it is improper to take friendly Sino-Japanese relations for granted, adding that the leaders of the two nations should make further efforts to maintain these ties. Suzuki pledged Japan's continuous cooperation for the modernization of China.

Zhao said close relations between the two nations are playing an important role for the maintenance of peace not only in the Asia-Pacific region but in the world. The building of a long term, stable relationship between the two nations unshaken by any change in the international situation is of cardinal importance, he said. Zhao added China is giving top priority to its policy to open its market wider to foreign countries and develop its external economic relations.¹⁸

Suzuki's thinly-veiled warning that Japan would brook no repetition of the Baoshan exercise of 1981, and Zhao's urging that Japan should consider their relationship as an autonomous one, to continue even if the United States were again to adopt a position of hostility toward China, suggest the themes of uncertainty and doubt with which objectively increasing cooperation is interknit. ■

BOOK REVIEWS

(Continued from page 273)

carefully setting the historical framework, the two authors explore the misunderstandings, divergences and difficulties that affect the three nations and expose the domestic and external considerations that guide their behavior. The book is a timely addition to East Asian studies. A.Z.R.

THAILAND: SOCIETY AND POLITICS. By John L. S. Girling. (Ithaca: Cornell University Press, 1981. 306 pages, bibliography and index, \$24.50.)

John Girling, a British author, describes the recent history of Thailand and its ruling bureaucracy. O.E.S. ■

FOUR MONTHS IN REVIEW

A Current History chronology covering the most important events of April, May, June and July, 1982, in four monthly sections, to provide a day-by-day summary of world affairs.

APRIL, 1982

INTERNATIONAL

European Economic Community (EEC)

(See *Falkland Islands Crisis*)

Falkland Islands Crisis

(See also *Argentina; U.K., Great Britain*)

Apr. 1—Invoking the Rio Treaty of 1947, the Argentine government asks the Organization of American States to study the Argentine-British confrontation over South Georgia Island; the British ask the Security Council to discuss the matter.

Apr. 2—Argentine forces seize the British-controlled Falkland Islands, including South Georgia and South Sandwich. Yesterday, U.S. President Ronald Reagan telephoned Argentine President Leopoldo Galtieri to warn him of the consequences of an Argentine invasion of the islands; Galtieri said that "time has run out."

In London, the British government announces that a large naval task force is heading toward the islands.

Apr. 3—The U.N. Security Council demands the withdrawal of Argentine forces from the Falklands; there are 10 votes in favor of the resolution, 1 (Panama) against and 4, including the Soviet Union, abstaining. Argentine Foreign Minister Nicanor Costa Méndez claims his government has liberated the islands from colonialism.

Apr. 4—The Argentine government reports severe restrictions on the 1,800 British residents of the island.

Apr. 5—British Foreign Secretary Lord Carrington and his 2 chief aides resign; British Prime Minister Margaret Thatcher replaces him with leader of the House of Commons Francis Pym.

Argentine Foreign Minister Nicanor Costa Méndez asks the members of the Organization of American States for their support.

Apr. 6—U.S. Secretary of State Alexander M. Haig Jr. meets in Washington, D.C., with the British and Argentine ambassadors to the U.S. to seek a resolution of the Falklands crisis.

Apr. 7—France, West Germany, Belgium and Austria join the Netherlands, Switzerland and Britain in imposing sanctions banning the sale of arms and military equipment to Argentina.

Apr. 10—The European Common Market (EEC) adopts economic sanctions that ban all imports from Argentina.

Apr. 12—A British blockade around the Falklands goes into effect.

Haig continues to shuttle between Britain and Argentina in an effort to avert open warfare.

Apr. 13—Meeting in Washington, D.C., the OAS adopts a resolution of "concern" over the Falklands crisis; it offers "friendly cooperation" in any effort to find a peaceful solution.

Apr. 15—U.S. President Ronald Reagan again talks on the telephone with Argentine President Galtieri and urges him to show restraint.

Apr. 18—Peru and other Andean Pact countries say they will increase their trade with Argentina because of the EEC ban.

Apr. 19—Haig leaves Buenos Aires for Washington, D.C.; his mediation efforts have apparently failed.

Apr. 22—British Foreign Secretary Pym confers in Washington, D.C., with U.S. Secretary of State Haig.

Apr. 25—British Prime Minister Thatcher and her Defense Minister, John Nott, announce in London that British forces have recaptured South Georgia Island.

Apr. 28—The British government announces that it will impose a total air and sea blockade in a 200-mile area around the Falklands on April 30.

Meeting in Washington, D.C., the OAS adopts a resolution supporting Argentine claims to sovereignty over the Falklands and asking Argentina and Britain to agree to a truce and to withdraw their forces from the islands.

Apr. 29—Argentina's leaders impose their own air and sea blockade of a 200-mile zone around the Falklands effective at once.

Apr. 30—It is reported that British naval forces have taken positions to blockade the Falklands.

U.S. President Reagan calls Argentina guilty of "armed aggression" and orders some sanctions against Argentina; he offers "matériel support" to Britain.

Middle East

(See also *Intl. U.N.; Israel; Lebanon*)

Apr. 3—In the lobby of his apartment house in Paris, Yacov Barsimantov, a 43-year-old Israeli diplomat, is shot and killed. Israeli officials accuse the Palestine Liberation Organization (PLO) of the murder.

Apr. 9—U.S. officials in Washington, D.C., report that an Israeli military buildup near the Lebanese border has intensified the threat of renewed Israeli attacks against PLO bases in southern Lebanon. Israel has charged that the July 24, 1981, cease-fire has been violated by a buildup of PLO forces in south Lebanon.

Apr. 15—After a one-day visit with Egyptian President Hosni Mubarak, Israeli Defense Minister Ariel Sharon asserts that Egypt will shortly withdraw those military forces in the Sinai that Israel finds in excess of the limits set by the Israeli-Egyptian peace treaty. He says that an Egyptian army officer will arrive in Israel tomorrow to discuss ways of blocking the infiltration of PLO arms into the Gaza Strip via the Sinai desert. These two issues must be settled before Israel evacuates the final third of the occupied Sinai area April 25.

Apr. 16—Mubarak sends Israeli Prime Minister Menachem Begin a letter reassuring him that Israeli-Egyptian differences will be resolved and that there is no reason to postpone the April 25 withdrawal from the Sinai. Postponement has been discussed by Israeli officials because of charges of Egyptian violation of the peace treaty between Israel and Egypt.

Apr. 21—Following the death of an Israeli soldier killed

by a land mine, Israeli planes mount a large air strike against guerrilla positions in southern Lebanon, ending the 9-month-old cease-fire.

In Yamit in the Israeli-occupied Sinai, Israeli soldiers remove militant Israeli settlers.

In a unanimous vote, the Israeli Cabinet votes to proceed with the scheduled Israeli withdrawal on April 25 from the Sinai.

Apr. 22—Israeli bulldozers raze empty apartment buildings in Yamit to prevent recalcitrant Israeli settlers from attempting to return.

Apr. 25—In accord with the terms of the Egyptian-Israeli peace treaty of 1978, Israel withdraws its last troops from the occupied Sinai area and returns it to Egypt.

Apr. 26—Mubarak addresses Egypt's Parliament on the return of the Sinai to Egypt and applauds the Israelis' "enthusiasm for peace and a readiness to accept the aftermath of peace."

Organization of African Unity (OAU)

Apr. 5—Morocco and 8 other OAU members boycott a meeting of OAU labor ministers in Salisbury, Zimbabwe, to protest the presence of a delegation from the Polisario Front, which is contesting the control of the Western Sahara with Morocco.

Organization of American States (OAS)

(See *Falkland Islands Crisis*)

United Nations

(See also *Falkland Islands Crisis*)

Apr. 2—The U.S. vetoes a Security Council resolution on Nicaragua that in effect deplores possible U.S. interference in Nicaragua; the U.S. also vetoes a resolution asking Israel to restore to office West Bank mayors who were deposed because of their refusal to cooperate with the Israeli civil administration.

Apr. 20—The U.S. casts the only veto of a Security Council resolution implying that the Israeli government was responsible for the Easter Sunday killings in the Dome Rock mosque in Jerusalem; the other 14 members of the Council supported the resolution.

Apr. 30—In a 130-4 vote, the United Nations Law of the Sea Conference concludes 8 years of negotiations; it adopts a far-reaching code governing the use and exploitation of the world's oceans. The U.S. opposed the code, and 17 nations abstained.

AFGHANISTAN

Apr. 27—According to diplomatic sources in New Delhi, Afghan insurgents killed between 25 and 35 Russian and Afghan soldiers about 20 miles outside the capital in 2 battles on April 19.

ALGERIA

Apr. 20—It is reported that Colonel Slimane Hoffmann, a close aide to Algerian President Chadli Benjedid, has stated that his government is ready for increased cooperation and improved relations with the U.S.

ARGENTINA

(See also *Intl, Falkland Islands Crisis; U.K., Great Britain*)

Apr. 2—In a telephone call to the Argentine junta, U.S. President Ronald Reagan attempts without success to persuade Argentina to call off the invasion.

Argentine forces seize the Falkland Islands.

President Leopoldo Galtieri, the head of the junta,

announces to cheering crowds that the disputed islands are "no longer the Falklands, now they're the Argentine Malvinas."

AUSTRALIA

Apr. 2—In the southern state of Victoria, the opposition Labor party defeats the Liberals to win a majority in the state assembly.

Apr. 8—Defeating a challenge to his leadership, Prime Minister Malcolm Fraser wins two-thirds of the vote in a special ballot for leader of the Liberal party.

BANGLADESH

Apr. 7—Lieutenant General Hussain Mohammed Ershad, who has headed the military government since the suspension of constitutional government on March 24, reports that Bangladesh fears the Soviet Union and is "really scared" about what Soviet leaders "may do next."

Apr. 18—The government-controlled press reports that under Ershad the martial law administration has reorganized the foreign ministry and has recalled 15 ambassadors, including diplomats serving in the U.S. and the Soviet Union.

CAMBODIA

(See also *U.S., Foreign Policy*)

Apr. 13—The Hanoi radio reports that the Vietnamese-supported Cambodian government has charged that "the U.S. has supplied Thailand and Pakistan with chemical weapons."

CANADA

Apr. 17—In Ottawa, Queen Elizabeth II presides at ceremonies proclaiming the Constitution Act, ending 115 years of British law under the British North American Act of 1867.

Quebec province boycotts the ceremonies, and provincial Premier René Lévesque leads protest demonstrations in Montreal.

Apr. 22—French Prime Minister Pierre Mauroy arrives in Ottawa for a 6-day official visit.

CHILE

Apr. 20—President Augusto Pinochet announces that he will name a new Cabinet shortly; he dismissed 16 ministers yesterday.

CHINA

(See *Romania*)

CUBA

(See also *U.S., Foreign Policy*)

Apr. 4—*The New York Times* reports that at a meeting this past weekend in Havana, a senior Cuban official conceded for the first time that Cuba has given arms aid to Nicaragua and the Salvadoran guerrillas.

CYPRUS

Apr. 20—President Spyros Kyprianou, leader of the Democratic party, announces that he will seek reelection, and that the Communist party will support his bid for another term.

DOMINICAN REPUBLIC

Apr. 1—Former President Joaquín Balaguer, who was defeated in 1978 after 3 terms in office, announces his withdrawal as a candidate in the presidential elections scheduled for May 16.

EGYPT(See also *Intl, Middle East*)

Apr. 7—In Kuwait, Syria, Algeria and the PLO reject an Egyptian proposal for a Middle East settlement that involves Palestine Liberation Organization recognition of Israel.

Apr. 15—Five Muslim militants, convicted of assassinating Egyptian President Anwar Sadat, are executed.

EL SALVADOR(See also *Cuba*)

Apr. 2—At a news conference, Roberto d'Aubuisson, head of the right-wing Nationalist Republican Alliance, states that his alliance will "incorporate" the centrist Christian Democratic party in the new government, but will not include President José Napoleón Duarte.

Apr. 3—Official results of the March 28 elections are announced. The Christian Democratic party took 24 of the 60 seats. The four right-wing minority parties who won the other seats have reportedly agreed to act as a coalition.

Apr. 19—The new Constituent Assembly meets for the first time. There has been no legislative body since the military coup in October, 1979.

Apr. 22—The right-wing bloc in control of the new Constituent Assembly elects Roberto d'Aubuisson as president of the assembly and elects right-wing candidates to the other 9 leadership positions. The centrist Christian Democrats receive no important legislative posts in the assembly.

Apr. 26—Formal ceremonies install the Constituent Assembly.

Apr. 28—A military spokesman reports that the 4,000 government soldiers fighting guerrillas in Morazán province have suffered "numerous casualties" in heavy fighting.

Apr. 29—Alvaro Alfredo Magaña is chosen provisional President of El Salvador.

FRANCE

Apr. 13—French President François Mitterrand and several leading Cabinet ministers leave for Japan to discuss trade and other issues. This is the first visit to Japan by a French head of state.

Apr. 15—Mitterrand dines with Emperor Hirohito after meeting with Japanese Prime Minister Zenko Suzuki to discuss Japan's trade surplus with West Europe.

Apr. 16—After meeting with the leaders of the French Employers Association, Prime Minister Pierre Mauroy announces that business and industry will receive some 11 billion francs (almost \$1.8 billion) in tax concessions over the next 2 years, plus other financial relief.

Apr. 22—In Paris a bomb explodes on a busy street, killing one woman and injuring 46 people.

The French government announces the expulsion of two Syrian diplomats and the recall of the French ambassador to Syria. Although French Interior Minister Gaston Defferre does not explicitly place the responsibility for today's bombing on Syria, he charges that terrorists are using French territory to attack each other.

GERMANY, WEST

Apr. 15—The U.S. and West Germany sign an agreement to provide German troop support for U.S.

troops sent to West Germany at a time of crisis.

Apr. 20—Chancellor Helmut Schmidt addresses the Social Democratic party convention in Munich. He asserts that a nuclear freeze in Europe would lessen Soviet support for a general freeze and would leave standing the "unbelievable Soviet Armada that is aimed at us."

Apr. 22—At its national convention, the Social Democratic party rejects a left-wing proposal for a nuclear moratorium.

INDIA

Apr. 16—The government announces that India will build a reprocessing plant to recover both weapons-grade and fuel-grade plutonium from atomic waste.

INDONESIA

Apr. 12—The government closes the country's largest weekly news magazine, *Tempo*, shortly before scheduled general elections to the House of Representatives.

IRAN(See also *U.S., Foreign Policy*)

Apr. 3—It is reported that last week Iranian troops pushed Iraqi forces back some 24 miles in a battle that was "a major victory for the Iranians."

Apr. 20—According to the Teheran radio, former Foreign Minister Sadegh Ghotbzadeh appeared on television yesterday to confess that he conspired to kill the Ayatollah Ruhollah Khomeini.

Apr. 30—Iranian forces open an attack on Iraqi troops.

IRAQ(See also *Iran*)

Apr. 3—Saudi Arabian Defense Minister, Prince Sultan, visits Baghdad to give Iraqi President Saddam Hussein a message of Saudi support for Iraqi efforts in the war with Iran.

ISRAEL(See also *Intl, Middle East, U.N.; Egypt; Lebanon*)

Apr. 1—The curfew in the Golan Heights is not lifted despite government plans to do so.

British Foreign Secretary Lord Carrington returns to London after a 3-day visit. His request to meet with two West Bank mayors who were dismissed and placed under "house confinement" by Israeli occupation troops was denied.

Apr. 2—The Druse in the Golan Heights clash with Israeli soldiers.

Apr. 11—On Easter morning in Jerusalem, Alan Harry Goodman, an Israeli soldier who emigrated from the U.S. 5 years ago, fires his way into the Dome of the Rock, one of Islam's holiest mosques, and kills 2 Arabs; at least nine more Arabs are wounded. Arabs in East Jerusalem respond with violent demonstrations.

Apr. 12—A 7-day general strike called by the Supreme Muslim Council (which supervises Islamic religious affairs in Jerusalem) begins; many shops and all Arab schools are closed in East Jerusalem and the West Bank.

Apr. 28—Violent demonstrations throughout the West Bank and the Gaza Strip gain momentum.

Apr. 30—Mayor Wahid Hamdallah of the town of Anabta is dismissed from office by Israeli officials. He is the 4th elected Mayor of the occupied West Bank to suffer dismissal.

ITALY

- Apr. 1—President Sandro Pertini visits New York City on the last day of his U.S. visit that began March 25.
- Apr. 2—A 2-hour national strike by 14 million workers is staged to force the government to act on economic problems.

JAPAN(See also *France*)

- Apr. 12—Preliminary figures released by the Finance Ministry disclose that during the fiscal year ending March 31 Japan's trade surplus with the U.S. hit a record high of \$14.42 billion.

KOREA, SOUTH

- Apr. 27—A drunken policeman goes on a rampage in a farm community and murders at least 56 villagers before killing himself.
- Apr. 28—Home Minister Suh Chung Hwa resigns following the killing spree yesterday because he is held responsible for the security breakdown that permitted the 8-hour rampage.

KOREA, NORTH

- Apr. 10—*The New York Times* reports that South Korean officials have determined that a minimum of some 105,000 North Koreans are being held in prison for political offenses.

LEBANON(See also *Intl, Middle East*)

- Apr. 10—Lebanese President Elias Sarkis confers with the Soviet and U.S. ambassadors to ask them to help prevent a possible Israeli invasion of southern Lebanon.
- Apr. 15—Fighting erupts between the Shiite Muslim militiamen of Amal and Communist groups in competition for the support of the Shiite communities; the pro-Iraqi left-wing militia and the Palestinians.

LIBYA

- April 24—In Athens it is announced that Colonel Muammar el-Qaddafi, Libya's leader; will pay an official visit to Greece, his first official visit to a NATO and Common Market country, on April 30.

MALAYSIA

- Apr. 23—Incomplete returns from yesterday's general elections disclose that the ruling coalition of 11 ethnic Malay, Chinese, Indian and tribal parties has won at least 110 of the 154 seats in Parliament.

NAMIBIA (South-West Africa)

- Apr. 15—The rebel South-West African People's Organization (SWAPO), whose bases in Angola have been attacked by South Africa, carries out a raid deep inside Namibia.

NETHERLANDS(See *U.S., Foreign Policy*)**NICARAGUA**(See also *Cuba; U.S., Foreign Policy*)

- Apr. 14—It is reported that Nicaragua has accepted the U.S. 8-point plan made public April 9 to improve relations.
- Apr. 18—It is reported that Nicaragua has asked the

U.S. to open talks in Mexico immediately to discuss the appearance last week of the destroyer *U.S.S. Coontz* near the Corn Islands of Nicaragua. Nicaraguan officials say that the U.S. vessel poses a threat to its security.

PANAMA

- Apr. 1—Panama formally takes charge of police and judicial activities in the Canal Zone, bringing Panama one step closer to full control of the canal by 1999.

POLAND

- Apr. 5—Polish leader General Wojciech Jaruzelski visits Prague.
- Apr. 6—Poland and Western bankers sign an agreement to defer repayment of Poland's \$2.4-billion debt owed to Western banks.
- Apr. 18—At a religious ceremony, Archbishop Jozef Glemp, the Roman Catholic Primate, urges the release of all women held under martial law.
- Apr. 28—The Military Council of National Salvation lifts several martial law restrictions including the national curfew, effective May 2. Some 800 internees are released.

ROMANIA(See also *Turkey*)

- Apr. 13—President Nicolae Ceausescu arrives in Beijing.

SYRIA(See *France*)**THAILAND**(See *U.S., Foreign Policy*)**TURKEY**

- Apr. 8—General Kenan Evren, head of the National Security Council, leaves Bucharest after a 3-day visit during which he met with Romanian President Nicolae Ceausescu.
- Apr. 26—For the second time this month, former Prime Minister Bulent Ecevit is arrested on charges of defying military orders against issuing political statements.

UGANDA

- Apr. 10—1,000 civilians in Kampala are arrested today. The government has launched an effort at mass detention to deal with suspected "subversives."

U.S.S.R.(See also *Bangladesh; U.S., Foreign Policy*)

- Apr. 4—Foreign Minister Andrei A. Gromyko visits Belgrade and places a wreath on the grave of President Josip Broz Tito of Yugoslavia.

UNITED KINGDOM**GREAT BRITAIN**(See also *Intl, Falkland Islands Crisis; Argentina; Israel*)

- Apr. 2—Responding to the invasion of the Falkland Islands, Great Britain ruptures diplomatic relations with Argentina and announces that it will take military action to meet "this unprovoked aggression."
- Apr. 5—Lord Carrington, the British Foreign Secretary, resigns because of the "humiliation" stemming from Argentina's seizure of the Falkland Islands. Francis Pym, leader of the House of Commons, is chosen to succeed Carrington.

UNITED STATES

Administration

Apr. 1—President Ronald Reagan undergoes a routine urological test.

Apr. 2—Environmental Protection Agency administrator Anne M. Gorsuch announces an expansion of the agency's so-called bubble system of controlling air pollution; she says the new rules can save industry over \$1 billion annually.

President Reagan signs an Executive Order on National Security which makes it possible to keep more information from the public and makes it more difficult for judges to order the declassification of confidential information under the Freedom of Information Act.

Secretary of Health and Human Services Richard S. Schweiker announces that refugees from Southeast Asian countries will receive federal financial aid for only 18 months instead of 36 months; thereafter, recipients must rely on state and local aid.

Apr. 3—In the first of a series of 10 radio talks to the nation, President Reagan defends his economic program, which, he says, "hasn't really started yet."

Apr. 5—Acting under the Infant Formula Act of 1980, the Food and Drug Administration issues new regulations (to take effect in 90 days) that will require manufacturers of infant formula to make more frequent tests during manufacture and during subsequent "shelf-life" to make sure that the formula contains adequate nutrients.

President Reagan announces a new policy governing the opening of public lands to strategic minerals mining "to diminish America's minerals' vulnerability by allowing private enterprise to preserve and expand our minerals and materials economy."

The Census Bureau estimates the total population of the U.S. at 230,974,426.

Apr. 8—Attorney General William French Smith announces that the Justice Department is dropping its investigation into Central Intelligence Agency director William J. Casey's activities on behalf of Indonesia in 1976.

Apr. 10—In Barbados for a brief Easter vacation, President Reagan sharply attacks critics of his proposed cutbacks in U.S. student loan programs.

Apr. 14—President Reagan names a 30-person commission headed by former Massachusetts Governor John Volpe to work with state and local governments to reduce the incidence of drunken driving.

Apr. 15—President Reagan proposes legislation that would give tax credits of up to \$500 to the parents of each child in a private elementary or secondary school.

Apr. 20—At a White House news conference, President Reagan says he will "go the extra mile" to reach agreement with congressional Democrats on his budget proposal.

Apr. 21—Deputy CIA director Admiral Bobby R. Inman resigns in an apparent policy dispute with the White House.

Apr. 26—President Reagan picks John N. McMahon, CIA executive director, to replace Inman.

Apr. 27—John W. Hinckley goes on trial in Washington, D.C., for the shooting of President Reagan and 3 other men in March, 1981.

Apr. 29—In a television talk on the economy, President Reagan supports a constitutional amendment that would mandate a balanced federal budget.

Meeting with President Reagan, congressional party

leaders fail to agree on a compromise budget proposal.

Economy

Apr. 2—The Labor Department announces that the nation's unemployment rate rose to 9 percent in March, the highest level since May, 1975.

Apr. 9—The Labor Department reports that its producer price index fell 0.1 percent in March.

Apr. 21—The Commerce Department reports that the Gross National Product (GNP) fell at an annual rate of 3.9 percent in the 1st quarter of 1982.

Apr. 23—The Labor Department reports that its consumer price index fell 0.3 percent in March for the 1st time since 1965.

Apr. 27—The Commerce Department reports that the U.S. trade deficit rose to \$2.6 billion in March.

Apr. 30—The Commerce Department reports that its index of leading economic indicators fell 0.5 percent in March.

Foreign Policy

(See also *Intl, Falkland Islands Crisis; Cambodia; Cuba; Germany, West; Japan*)

Apr. 4—Defense Secretary Caspar Weinberger returns to Washington, D.C., after visiting Japan, South Korea and the Philippines to reassure American allies in Asia that the U.S. is still committed to Pacific security.

Apr. 5—President Reagan suggests that Soviet President Leonid Brezhnev join him at the United Nations disarmament conference, June 7–July 9, in New York to discuss arms control.

Secretary of State Alexander M. Haig Jr. meets in Washington, D.C., with Chinese Ambassador to the U.S. Chai Zemin to discuss the proposed U.S. sale of \$60 million in military equipment to Taiwan.

Apr. 6—Secretary Haig says that the possibility of the first use of nuclear arms by the U.S. is necessary to protect "the essential values of Western civilization."

Apr. 7—In an article in *Foreign Affairs*, former Secretary of Defense Robert McNamara, former national security adviser McGeorge Bundy, former Ambassador to the Soviet Union George Kennan and former director of the Arms Control and Disarmament Agency Gerard Smith urge the U.S. and its European allies to establish a policy of "no first use of nuclear arms" and a stronger conventional arms posture in Europe.

Secretary of State Haig rejects this concept as "tantamount to making Europe safe for conventional aggression" by the Soviet Union.

Apr. 8—President Reagan meets with the leaders of Barbados, St. Vincent and the Grenadines, St. Kitts-Nevis, Dominica, and Antigua and Barbuda, in Bridgetown, Barbados; he says that Grenada is linked with the Soviet Union "to spread the virus" of Marxism in the area.

Apr. 9—The State Department says that the U.S. has proposed an 8-point plan to mend relations with Nicaragua.

Apr. 13—The Defense Department announces that the U.S. plans to sell some \$60-million worth of military equipment to Taiwan.

Apr. 14—Defense Secretary Weinberger tells reporters that Soviet "missiles are now more accurate than ours. . . ."

Apr. 16—Senators Robert Dole (R., Kans.) and Roger Jepson (R., Ia.) report that the U.S. and the Soviet

Union will resume talks about U.S. grain sales to the Soviet Union in Paris on May 21-22.

The State Department and the Treasury Department shut down the operations of American Airways Charter, Inc., the main air transport company carrying goods and passengers between the U.S. and Cuba; last week the Treasury Department said the airline was Cuba-controlled, froze its assets, and forbade Americans from dealing with the company.

Apr. 19—Assistant Secretary of the Treasury for Enforcement John Walker announces new restrictions on American travel to Cuba, which will, in effect, ban tourist and business trips after May 15.

Queen Beatrix of the Netherlands meets with President Reagan at the White House at the start of a 6-day visit to the U.S.

Apr. 25—Vice President George Bush arrives for a 3-day visit to South Korea.

Apr. 26—The Department of Energy reports that the U.S. signed an agreement on April 22 with Iran to purchase 1.8 million barrels of Iranian oil for the U.S. Strategic Petroleum Reserve; the oil, worth some \$53.12 million, is to be delivered in June.

Apr. 28—The U.S. Embassy in Bangkok, Thailand, says that the U.S. has agreed to accept 10,000 Cambodian refugees from U.N. camps in Thailand in the near future; only refugees with "connections" in the U.S. will be accepted.

Labor and Industry

Apr. 9—United Auto Workers in General Motors Corporation plants across the country approve a new

union contract by a 52-percent majority; the union makes wage and benefit concessions.

Supreme Court

Apr. 5—In a 5-4 decision, the Supreme Court rules that seniority systems in effect since 1964 (when the Civil Rights Act outlawed employment discrimination because of race or sex) are legal so long as they were not originally adopted for purposes of discrimination.

Apr. 20—In a unanimous decision, the Supreme Court rules that the International Longshoremen's Association was in violation of U.S. labor law in refusing to handle Soviet cargo in U.S. ports; the decision makes it possible for companies that suffered damage in the 1980 boycott to sue the union for damages.

YUGOSLAVIA

(See U.S.S.R.)

ZAMBIA

Apr. 30—President Kenneth D. Kaunda confers with South African Prime Minister P. W. Botha in a mobile home on the border separating South Africa and Botswana.

ZIMBABWE

Apr. 16—It is announced that the name of the capital will be changed from Salisbury to Harare in May to celebrate the 2d anniversary of independence. ■

MAY 1982

INTERNATIONAL

European Economic Community (EEC)

(See also *Intl, Falkland Islands Crisis*)

May 18—The EEC members refuse to permit Britain to veto the EEC's move to increase farm prices; this is the 1st time that the group has refused to honor the so-called Luxembourg compromise of 1966, a gentleman's agreement that permitted a member to block a group action "in its vital national interest."

Falkland Islands Crisis

(See also *NATO*)

May 1—British planes attack Argentine positions in the Falkland Islands.

May 2—Pope John Paul II calls for peace in the Falkland Islands.

May 3—The British Defense Ministry reports that a British submarine torpedoed and sank Argentina's only cruiser, the *General Belgrano*, last night.

Argentina reports that the *General Belgrano* sank; the ship carried 1,042 sailors.

The U.S. State Department expresses "deep regret" over the heavy loss of life in the sinking of the *General Belgrano*.

May 5—The Argentine Foreign Ministry says that "Argentina accepts, by considering it the most appropriate path, the intervention of the United Nations at this time through the Secretary General, the Security Council, or the combined action of both."

British Foreign Secretary Francis Pym admits that the British destroyer *H.M.S. Sheffield* was hit by a missile launched by an Argentine plane on May 4, with

a probable loss of 30 killed and 57 injured. The *Sheffield* was subsequently abandoned and sunk by the British. Pym tells the British House of Commons that the government is working on "an early cease-fire and the prompt withdrawal of Argentine forces."

May 6—Argentine Defense Minister Amadeo Frúgoli says that Argentine "sovereignty over the islands [the Falklands] should be recognized."

Blaming "Argentine intransigence," British Foreign Secretary Francis Pym says that Peruvian and American efforts to arrange a cease-fire have failed.

May 7—The British Ministry of Defense extends the British naval blockade of the Falklands to within 12 miles of the Argentine coast.

May 12—Brazilian President João Baptista Figueiredo meets with U.S. President Ronald Reagan in Washington, D.C., to discuss the Falkland Islands dispute.

May 13—British Prime Minister Margaret Thatcher tells the House of Commons that Britain seeks "a peaceful solution, not a peaceful sell-out," in the Falkland Islands war.

May 14—The Soviet Foreign Ministry in Moscow advises British Ambassador to the Soviet Union Sir Curtis Keeble that the Soviet Union considers the British blockade of the Falkland Islands "unlawful."

May 15—The British Defense Ministry reports that British raids on the Falklands have destroyed Argentine planes and military installations.

May 17—After a 2-day halt, U.N. efforts to stop the British-Argentine confrontation in the Falklands resume.

May 18—The European Economic Community (EEC)

agrees to extend the sanctions it has imposed against Argentina for one week; Ireland and Italy disassociate themselves from the action.

May 19—U.N. Secretary General Javier Pérez de Cuéllar asks the leaders of Argentina and Britain for more time to work out a peaceful settlement.

May 21—British troops establish "a firm bridgehead" in the Falklands; more than 1,000 British troops are ashore.

U.N. Secretary General Pérez de Cuéllar says that U.N. negotiations between the 2 countries have broken down.

May 22—British reinforcements land in East Falkland Island.

May 23—Pope John Paul II appeals to both Britain and Argentina for "an immediate cessation of hostilities and a resumption of negotiations."

May 24—British Prime Minister Margaret Thatcher rejects the Pope's call for an end to hostilities.

With Italy and Ireland disassociating themselves from the vote, the other 8 EEC nations agree to continue economic sanctions against Argentina indefinitely.

May 25—British Defense Secretary John Nott reports that the British destroyer *Coventry* has been lost.

U.S. Secretary of State Alexander Haig says that "the British appear to be in a position to bring the war in the Falklands to an early conclusion." The U.S. begins to supply Britain with war matériel.

Argentine Foreign Minister Nicanor Costa Méndez calls for a negotiated peace in the Falklands with the help of the U.N.

May 26—Pope John Paul II announces that he will visit Argentina June 11-12.

According to Argentine business executives, the Soviet Union has postponed half of its June grain purchases from Argentina; this puts an additional strain on the Argentine economy.

May 27—British troops launch attacks against Argentine forces from their beachheads in the Falklands.

At a meeting of OAS (Organization of American States) foreign ministers in Washington, D.C., Argentine Foreign Minister Nicanor Costa Méndez assails the U.S. for its support of Britain in the Falklands crisis.

May 28—Britain reports the capture of 2 settlements, Darwin and Goose Green; Argentina denies the claim.

Pope John Paul II begins a 6-day visit to Britain with an appeal to Britain and Argentina "to put aside the weapons of death" in the Falklands.

May 29—Speaking on Argentina's Army Day, Argentine President Leopoldo Galtieri warns that his country may be forced to look for aid from "other latitudes," an oblique suggestion that Argentina might turn to the Soviet Union for assistance.

The OAS foreign ministers vote 17 to 0, with 4 abstentions, to condemn the British attack on the Falklands and U.S. aid to Britain.

May 31—According to British Defense Ministry reports, British troops are within 15 miles of the Falklands capital of Stanley.

Group of 10

May 12—Meeting in Helsinki, finance ministers of the Group of 10 agree that they are unable to meet the demands of less developed countries for massive amounts of aid.

International Monetary Fund (IMF)

May 5—It is announced that the 145 member nations have voted to accept Hungary into the IMF.

North Atlantic Treaty Organization (NATO)

May 17—Meeting in Luxembourg, the NATO foreign ministers support U.S. President Ronald Reagan's proposal for arms reduction talks with the Soviet Union, but reach no agreement on the Falkland Islands crisis.

May 24—The Greek Parliament votes 287 to 13 to approve the protocol that will admit Spain into membership in NATO.

May 30—Spain deposits an instrument of ratification with the U.S. State Department in Washington, D.C., and becomes the 16th member of NATO.

Organization for Economic Cooperation and Development (OECD)

May 11—Meeting in Paris, representatives of the 24 major industrial democracies end their 2-day session.

Organization of American States (OAS)

(See *Falkland Islands Crisis*; *U.S., Foreign Policy*)

Organization of Petroleum Exporting Countries (OPEC)

May 21—Meeting in Quito, Ecuador, the OPEC members agree to maintain their present ceiling of 17.5 million barrels of oil a day and their \$34 per barrel price "until further notice."

United Nations

May 10—The U.N. Conference on the Global Environment opens in Nairobi, Kenya.

May 18—The second U.N. Conference on the Global Environment ends; the 105 attending nations ask the "peoples of the world to discharge their historical responsibility, collectively and individually, to insure that our small planet is passed over to future generations in a condition which guarantees a life in human dignity for all."

ALGERIA

May 3—Foreign Minister Mohammed Ben Yahia is killed in a plane crash while flying to Iran on an official visit.

May 9—Ahmed Taleb Ibrahim is named Foreign Minister.

ARGENTINA

(See *Intl., Falkland Islands Crisis*)

AUSTRALIA

(See also *U.S., Foreign Policy*)

May 20—On a trip to the U.S., Australian Prime Minister Malcolm Fraser calls for lowered trade barriers.

BRAZIL

(See also *Intl., Falkland Islands Crisis*)

May 11—President João Baptista Figueiredo begins a state visit to the U.S.

CAMBODIA

(See *U.S., Foreign Policy*)

CANADA

May 5—The Canadian government announces that China will buy \$1.8-million worth of grain during the next 3 years.

CHINA

(See also *Canada; U.S., Foreign Policy*)

May 4—The New China News Agency announces that 13 of China's 15 Deputy Prime Ministers have been replaced.

May 5—The New China News Agency reports that China's military spending will rise to over \$10 billion in 1982, an increase of \$629 million.

May 20—An Indian government spokesman announces that China and India have ended 4 days of talks without reaching agreement on their 20-year-old border dispute.

COLOMBIA

May 30—Colombians in large numbers go to the polls to elect a new President.

May 31—Nearly complete election returns are announced; Belisario Betancur Cuartas, the Conservative party candidate, has edged out his 3 opponents.

COSTA RICA

(See also *Saudi Arabia*)

May 8—Luis Alberto Monge is sworn in as President, succeeding Rodrigo Carazo Odio.

CYPRUS

May 20—Turkish Prime Minister Bulent Ulusu flies to northern Cyprus and promises to provide economic and political support for the Turkish Cypriot community.

DOMINICAN REPUBLIC

May 16—Dominicans go to the polls to elect a President, members of the Senate and the Chamber of Deputies, and municipal officers.

May 17—It is announced that Salvador Jorge Blanco has been elected President.

EGYPT

May 9—Sultan Qabus bin Said of Oman confers with Egyptian President Hosni Mubarak on problems related to restoring Arab ties with Egypt.

May 12—U.S. envoy Richard Fairbanks meets in Cairo with Mubarak to try to break the deadlock over Egyptian-Israeli talks on Palestinian autonomy.

EL SALVADOR

May 2—Alvaro Alfredo Magaña Borja is sworn in as provisional President, replacing the civilian-military junta that was directed by José Napoleón Duarte. It is reported that Roberto d'Aubuisson, president of the Constituent Assembly, opposed Magaña.

May 4—The new Cabinet, in which each of the 3 major parties is equally represented, is sworn in.

May 6—Some 320 Salvadoran soldiers return home after a 14-week training program at Fort Bragg, North Carolina.

May 13—A new wave of terrorism erupts; nine bullet-riddled corpses are found on the outskirts of San Salvador.

May 17—General Jaime Abdul Gutiérrez resigns as commander of the Salvadoran armed forces because the

constitution provides that the President should be commander-in-chief.

May 20—The Constituent Assembly suspends for one crop year the "land to the tiller law" under which peasants have been allowed to buy the small plots they are working as tenant farmers or sharecroppers. The one-crop-year is tantamount to 4 calendar years in the case of sugar cane, one of the principal crops.

May 31—It is reported that since May 12 some 12 Christian Democratic party officials and activists including 4 Christian Democratic mayors have been killed.

FRANCE

(See also *Ivory Coast*)

May 12—Following the weekly Cabinet meeting, the government announces it will require the newly nationalized banking industry to invest \$1 billion in French companies nationalized earlier this year.

May 19—In Algiers, President François Mitterrand begins a 6-day trip to Africa to visit Niger, the Ivory Coast and Senegal.

May 26—Prime Minister Pierre Mauroy arrives in Beirut and meets with Lebanon's President Elias Sarkis.

GREECE

(See also *Intl, NATO*)

May 16—U.S. Secretary of State Alexander M. Haig Jr. confers with Greek Prime Minister Andreas Papan-dreou on U.S.-Greek disagreements, including U.S. military bases in Greece.

May 26—Prime Minister Papan-dreou arrives in Belgrade for talks with Yugoslav leaders.

GUATEMALA

May 13—The Brazilian ambassador and 7 other people in the Brazilian embassy are taken hostage by leftists protesting Guatemala's political violence and human rights violations. Under an agreement with Brazilian negotiators, the hostages are later released, and the 20 leftists are taken to the airport for a flight to Mexico.

HUNGARY

(See *Intl, IMF*)

INDIA

(See also *China*)

May 17—India and China resume talks on their disputed border areas.

May 19—Elections are held in four Indian states; the elections are regarded as important political tests for the government of Prime Minister Indira Gandhi.

May 24—Incomplete returns reveal that, in elections to 4 state legislatures, Gandhi's Congress party has apparently won control but has not received clear-cut majorities.

INDONESIA

May 4—General elections are held for a new Parliament.

May 5—Officials report that the GOLKAR coalition government, which is backed by the army, has won the election. Indonesia has been governed by the coalition for 17 years.

IRAN

(See also *Israel*)

May 1—It is reported that Iranian troops have attacked Iraqi soldiers near the town of Susa, close to the

Iranian-Iraqi border in an area held by Iraqi forces.
May 19—Iranian and Iraqi forces fight near Khurramshahr as Iranians try to oust Iraqi forces holding the Iranian oil port.

May 24—The Teheran radio reports that Iranian forces have recaptured Khurramshahr, the major port city, which has been occupied by Iraqi troops since October, 1980. Some 30,000 Iraqi troops have surrendered.

IRAQ

(See also *Iran*)

May 25—The Iraqi government concedes that its troops have been forced out of Khurramshahr.

ISRAEL

May 9—After an Israeli air attack against Palestinian bases in southern Lebanon, some 100 rockets and artillery shells are fired into northern Israel by Palestinians in southern Lebanon.

May 18—Two members of Parliament, former supporters of Prime Minister Menachem Begin, switch parties.

May 19—Begin's weakened coalition government wins narrowly on a vote of no-confidence in the Knesset.

May 29—Shimon Peres, leader of the opposition Labor party, criticizes the government for giving military aid to Iran in the war with Iraq.

ITALY

May 6—At a congress of the Christian Democratic party, Ciriaco de Mita is elected party secretary.

IVORY COAST

May 21—French President François Mitterrand arrives in Abidjan for a 3-day visit; he is greeted by President Félix Houphouët-Boigny.

JAPAN

May 27—The Japanese government announces that it will stimulate imports by reducing tariffs on 215 items. The new tariff cuts will not appreciably reduce Japan's large trade surpluses with the U.S. and West Europe.

KOREA, SOUTH

May 20—In the wake of a financial scandal that has led to demands for the resignation of President Chun Doo Hwan, the entire South Korean Cabinet offers to resign. Chun accepts the resignation of one of his principal aides, Kwon Jung Dahl, secretary general of the ruling Democratic Justice party.

LEBANON

(See also *France; Israel*)

May 10—Pro- and anti-Syrian factions battle in the Lebanese port of Tripoli, leaving 19 dead and 40 wounded.

MOROCCO

(See also *U.S., Foreign Policy*)

May 18—King Hassan II arrives in the U.S. for talks on arms aid.

NETHERLANDS

May 13—Queen Beatrix meets with party leaders to discuss last night's collapse of the three-party governing coalition.

May 29—Queen Beatrix swears in 5 new Cabinet min-

isters to participate in an interim minority government headed by Prime Minister Andries van Agt.

OMAN

(See also *Egypt*)

May 8—Sultan Qabus bin Said is welcomed to Cairo by Egyptian President Hosni Mubarak at the start of a four-day official visit.

POLAND

May 1—In Warsaw, about 30,000 people march to protest the rule of the junta and the detention of Lech Walesa, leader of the Solidarity union.

May 3—Demonstrators and Polish police clash in several Polish cities as protests against martial law continue. Some 10,000 people in Warsaw stage a protest demonstration.

May 4—The Military Council of National Salvation, the 21-member ruling group that came to power during the military takeover in December, 1981, confers with General Wojciech Jaruzelski. The government reinstates curfews and other restrictions and cuts telephone service, because of clashes between police and demonstrators.

May 9—A Radio Solidarity broadcast urges a 15-minute strike on May 13 to protest 5 months of martial law.

May 13—Responding to the May 9 call for a 15-minute general strike, Poles stage work stoppages and demonstrations.

PORTUGAL

(See also *Vatican*)

May 5—Thousands of mourners take part in a silent funeral march for two young workers killed while fighting with police on May 1 during a union demonstration in Oporto.

ROMANIA

May 21—Sources in Parliament report that Prime Minister Ilie Verdet and 7 Deputy Prime Ministers have been ousted and that Constantin Dascalescu has been named Prime Minister.

SAUDI ARABIA

(See also *Zaire*)

May 21—Saudi Arabia cuts diplomatic ties with Costa Rica because Costa Rica has decided to move its embassy in Israel from Tel Aviv to Jerusalem.

SOUTH AFRICA

May 12—The President's Council reveals a proposal for a change that would alter the color bar by allowing Asians and coloreds to be named to the Cabinet. The report states that it is not possible to include blacks "in current and foreseeable circumstances" because of their "cultural differences, relative numbers, conflicting interests and divergent political objectives."

SPAIN

May 30—Spain becomes the 16th member of the North Atlantic Treaty Organization (NATO).

TURKEY

(See *U.S., Foreign Policy*)

U.S.S.R.

(See also *U.S., Foreign Policy*)

May 1—President Leonid I. Brezhnev attends May Day

ceremonies flanked by party leaders.

May 9—At the end of a 6-day Soviet visit, Daniel Ortega, leader of Nicaragua's 3-member junta, invites Brezhnev to visit Nicaragua. The invitation is accepted, but no date is mentioned.

May 26—Yuri V. Andropov resigns as head of the KGB (Committee for State Security), the Soviet intelligence and internal security agency, two days after being chosen as a permanent secretary on the 10-member Communist party secretariat. Colonel General Vitaly V. Fedorchuk, a member of the Ukrainian branch of the KGB, is named chairman of the agency.

UNITED KINGDOM

Great Britain

(See also *Intl, Falkland Islands Crisis; Vatican; Zimbabwe*)

May 7—Results of yesterday's local elections in Great Britain are disclosed. The Conservative party has not lost ground.

May 20—Prime Minister Margaret Thatcher castigates the Argentine junta for meeting British proposals for a "peaceful solution [of the Falkland Islands crisis] with obduracy and delay, deception and bad faith." She rejects a U.N. appeal for further negotiations.

May 28—Pope John Paul II arrives in London for a 6-day visit.

Northern Ireland

May 5—Irish nationalists commemorate the first anniversary of the death of hunger striker Robert Sands. Some 3,000 gasoline bombs are found in Belfast by security forces.

UNITED STATES

Administration

May 1—In a speech at the opening of the World's Fair in Knoxville, Tennessee, President Ronald Reagan attacks the Democratic leadership in Congress for opposing his budget proposals and asks for popular support for his economic programs.

May 8—The Commerce Department reports that the average income of Alaska's residents rose 11.2 percent to \$14,190 in 1981, the highest per capita income in the nation; Mississippi's per capita income of \$7,256 is the lowest.

May 11—Postmaster General William F. Bolger reports that the U.S. Postal Service showed a 1982 profit of more than \$436 million through March.

May 13—In a nationally televised news conference, President Reagan outlines the proposals he will advance during arms limitation talks with the Soviet Union; he also expresses his willingness to consider congressional proposals to resolve the budget deadlock.

Interior Secretary James Watt tells Congress he plans to offer 1 billion acres of the nation's coastline to private companies for oil and gas exploration.

May 16—New estimates by the Census Bureau report that the population of the U.S. was 229,307,000 as of July 1, 1981.

May 17—President Reagan sends a message to Congress proposing a constitutional amendment that would "restore the simple freedom of our citizens to offer prayer in public schools and institutions."

May 21—Interior Secretary Watt says that the administration has selected 252 parcels, some 200,000 acres, of federal land for possible sale; the land parcels will be identified in June.

May 22—In a radio broadcast, President Reagan asks

the House to support his fiscal 1983 budget proposal, which was approved by the Senate May 21.

May 24—At a White House briefing, President Reagan makes public his proposals to Congress for the dissolution of the Department of Energy; most of the department's functions will be taken over by the Commerce Department.

May 25—Acting for the administration, the Treasury Department asks Congress to act within a month to raise the temporary federal debt ceiling to \$1.275 trillion.

May 28—At a sidewalk news conference in Santa Barbara, President Reagan calls the U.S. government budget process "about the most irresponsible Mickey Mouse arrangement that any governmental body has ever practiced."

Economy

May 6—The Labor Department reports that some 628,000 people in 31 states are now in their final 13 weeks of eligibility for unemployment insurance payments.

May 7—The Labor Department reports that the nation's unemployment rate rose to 9.4 percent in April; 10,307,000 people are unemployed.

May 14—The Labor Department reports that its producer price index rose 0.1 percent in April.

May 21—The Labor Department reports that its consumer price index rose 0.2 percent in April.

May 26—The Commerce Department reports that the U.S. foreign trade deficit for April was \$322 million.

May 28—The Commerce Department reports that its index of leading economic indicators rose 0.8 percent in April, the 1st rise in a year.

Foreign Policy

(See also *Intl, Falkland Islands Crisis; Greece*)

May 1—In Melbourne, Australia, on the 3d day of a 4-day trip, Vice President George Bush calls the Anzus Treaty (involving the U.S., Australia and New Zealand) "the cornerstone of our security in the Southwest Pacific. . . ."

May 5—After visiting 5 other countries in 13 days, Vice President Bush arrives in China for talks on the Taiwan issue and other matters.

May 9—Vice President Bush arrives in Hawaii, saying he has a "much clearer perception" of China's position on Taiwan and has "some specific ideas" for resolving the U.S.-China dispute over the sale of U.S. arms to Taiwan.

In a speech in Eureka, Illinois, President Reagan proposes "a practical, phased reduction plan" in which the U.S. and the Soviet Union would reduce the number of their nuclear warheads on land and their sea-based nuclear missiles by "at least a third below current levels." He also proposes "an equal ceiling. . . on ballistic missile throwweight at less than current American levels," with verification procedures that will "insure compliance with the agreement."

May 10—President Reagan appoints Richard Burt as Assistant Secretary of State for European Affairs and James L. Buckley as State Department counselor.

May 13—In a televised White House news conference, President Reagan says "nothing is excluded" from discussion in talks with the Soviet Union about nuclear arms reductions.

After analysis of blood and urine samples taken from Cambodian guerrillas who were attacked by Vi-

etnamese forces last February 13, the State Department says it has "conclusive evidence" that toxins and chemical warfare are being employed by the Soviet-supported Vietnam government.

May 14—Secretary of State Alexander M. Haig Jr. ends 2 days of discussions with Turkish head of state General Kenan Evren in Ankara, Turkey; the talks are called "warm and cordial."

May 19—King Hassan II of Morocco meets with President Reagan at the White House.

May 27—In Washington, D.C., Secretary of State Haig and Moroccan Foreign Minister Mohammed Boucetta initial an agreement that will permit U.S. military planes to use Moroccan air bases in case of emergencies in that area.

May 31—President Reagan announces that the U.S. and the Soviet Union will begin negotiations on the "limitation and reduction" of nuclear weapons in Geneva on June 29.

In Honolulu, Marshall Islands President Amata Kabua and U.S. presidential representative Fred M. Zerber sign a provisional agreement establishing a "free association" with the U.S. that grants the U.S. military rights for 50 years; the agreement must be ratified by Congress and by a plebiscite of the people of the former U.S. trust territory.

Labor and Industry

May 13—Braniff International Corporation files for protection from its creditors under bankruptcy laws and suspends all its airline operations; Braniff is the 1st major U.S. airline to file for bankruptcy and halt operations.

Legislation

May 12—In a voice vote, the House approves a rise of almost \$6 billion in supplemental spending in the fiscal 1982 budget, largely for student loans, mortgage subsidies and sewer construction; the bill provides \$2.5 billion more than the amount requested by President Reagan.

May 14—By a 84-8 vote, the Senate passes a \$177.9-billion authorization bill for 1983; the bill includes funds for the production of chemical weapons for the 1st time in 13 years.

May 21—In a 49-43 vote, the Senate adopts a \$784-billion budget for fiscal 1983, with a projected deficit of \$116 billion.

May 26—The House votes 286 to 133 to reject Federal Trade Commission rules that would have required used car dealers to inform prospective buyers of major defects and the extent of outstanding warranties; the Senate voted 69 to 27 to reject the regulations last week.

May 27—The Senate votes 73 to 19 to approve a supplemental spending bill for fiscal 1982 including funds approved by the House on May 12; the bill now goes to Senate-House conference.

Military

May 2—The Defense Department reports that some 45,000 servicemen, 350 airplanes and 60 ships of the U.S. Navy began maneuvers in the Caribbean area on April 29 and will continue the exercise through May 16.

May 19—According to administration and congressional sources, President Reagan has decided to base the MX missiles in a method called "dense pack"—100 missiles

are to be clustered in hardened silos on a single missile site of some 10 to 15 square miles; the President has asked the Defense Department to study this proposal.

May 21—Speaking to the Foreign Policy Association in New York, Defense Secretary Caspar Weinberger says that "while we improve our own defense, . . . we [must] close down Soviet access" to our technology that is useful in the Soviet military buildup.

May 29—The Defense Department makes public a new 5-year defense plan, the "first complete defense guidance of this administration," which accepts, among other premises, the possibility of a protracted nuclear conflict with the Soviet Union and which draws up plans for such a contingency. As defined by the Defense Department, a "protracted" conflict is one that involves more than one all-out response to Soviet attack.

Political Scandal

May 14—U.S. district court Judge William B. Bryant overturns the guilty verdict returned by a jury on January 26, 1981, against former Representative Richard Kelly (R., Fla.) in an Abscam case; the judge rules that the FBI used "outrageous" tactics to tempt Kelly.

Supreme Court

May 17—In a 6-3 decision, the Court upholds a lower court ruling that the Department of Health, Education and Welfare ruled properly in saying that employees as well as students are covered by rules forbidding discrimination on the basis of sex in educational activities that receive federal financial assistance.

VATICAN

May 12—During a visit to the shrine of Fátima in Portugal, Pope John Paul II escapes unharmed when an attempt is made on his life.

May 31—On a visit to England, Pope John Paul addresses some 200,000 people at the Knavesmire Racecourse.

VIETNAM

(See also *U.S., Foreign Policy*)

May 29—6 U.S. Vietnam veterans and 3 other Americans on a week-long trip to Hanoi receive 1 corpse and 4 identification cards for American soldiers listed as missing in action (MIA's) during the Vietnam war.

YUGOSLAVIA

(See also *Greece*)

May 16—Parliament elects Milka Planinc as Prime Minister; she is the first woman ever elected to this post. Parliament also approves Planinc's 28-man Cabinet.

ZAIRE

May 15—The Zaire press agency reports that Zaire will resume diplomatic ties with Israel because the Sinai territory has been returned to Egypt. Ties were broken in 1973.

May 19—In response to Zaire's decision, Saudi Arabia announces that it will terminate relations with Zaire.

ZIMBABWE

May 19—Prime Minister Robert Mugabe meets in London with British Prime Minister Margaret Thatcher. This is Mugabe's first official visit to Britain since Zimbabwe became independent two years ago.

JUNE, 1982

INTERNATIONAL

Arms Control

(See also *Intl, NATO, U.N.; U.S.S.R.; U.S., Foreign Policy*)

June 29—U.S. and Soviet Union negotiators begin talks on strategic arms reduction in Geneva.

Association of Southeast Asian Nations (ASEAN)

June 16—The ASEAN foreign ministers end a 3-day conference. In a joint communiqué, they urge Vietnam to withdraw its troops from Cambodia.

European Economic Community (EEC)

(See also *Intl, Falkland Islands Crisis, Lebanon Crisis; France*)

June 12—Meeting in Brussels, the 7 countries of the European Monetary System agree to realign their currencies; yesterday the French franc was devalued 10 percent against the German mark.

June 28—The EEC heads of government open a conference in Brussels to discuss the crisis in Lebanon.

Falkland Islands Crisis

June 1—British forces are reported to be pushing toward the Falkland Islands capital of Stanley.

June 4—The U.S. and Britain veto a Security Council resolution calling for a cease-fire in the Falklands.

June 5—U.S. chief delegate to the U.N. Jeane Kirkpatrick says that she should have abstained, rather than cast a veto, on the Security Council vote calling for a cease-fire in the Falklands.

June 12—Both British and Argentine military commands agree that a major battle for control of the Falklands capital of Stanley is under way.

June 14—After 10 weeks of war, British Prime Minister Margaret Thatcher announces that British Falkland Islands commander Brigadier John Waters is negotiating surrender terms for the Argentine forces around Stanley.

The Argentine high command announces a cease-fire in the Falklands.

June 15—More than 13,000 Argentine troops surrender to British forces; Prime Minister Thatcher rules out any future participation by Argentina in the Falkland Islands government and any participation by the U.N.

June 17—Argentine President Leopoldo Galtieri resigns as President and commander in chief of the army and as a member of the ruling junta; he is replaced as army commander by Major General Cristino Nicolaidis.

June 18—The British Foreign Office announces agreement with Argentina over returning most Argentine prisoners.

In a note to the U.N., Argentina says that the truce with Britain is "precarious" as long as Britain occupies the Falklands and maintains its blockade and sanctions.

British Foreign Secretary Francis Pym says that before Britain will return some 1,000 Argentine officer prisoners, Argentina must make an unequivocal declaration saying that hostilities are at an end.

June 20—The foreign ministers of the European Economic Community (EEC), meeting in Luxembourg, agree to lift the Common Market's economic sanctions imposed on Argentina.

June 24—Argentine Foreign Minister Nicanor Costa Méndez declares that Argentine President-designate Reynaldo Benito Antonio Bignione will decide whether to issue a formal declaration that all hostilities are over.

June 26—The British Governor of the Falkland Islands, Rex Hunt, returns to Stanley.

Lebanon Crisis

(See also *Intl, EEC; Egypt; France; Israel; Lebanon; U.S., Foreign Policy*)

June 5—Israeli and Palestinian forces exchange artillery fire across the Israeli-Lebanese border; Israeli planes and naval forces bomb and strafe Palestinian concentrations along southern Lebanon's coastal road to Beirut. In a unanimous vote, the U.N. Security Council calls for a cease-fire in Lebanon.

June 6—Israeli forces invade southern Lebanon in full strength; the land, sea and air attack is aimed at the destruction of Palestinian Liberation Organization (PLO) forces and their bases in Lebanon.

In a letter to U.S. President Ronald Reagan, Israeli Prime Minister Menachem Begin says that the Israeli forces have been ordered to push Palestinian forces 25 miles north of the border to prevent terrorist attacks on Israel.

Leaders of the 7 major industrial democracies, meeting at the Versailles Economic Summit, call for an "immediate and simultaneous cessation of violence" by all sides in Lebanon.

June 7—Israeli forces move toward Beirut after capturing Palestinian strong points; Israeli troops and planes are reported to have engaged in battle with Syrian forces as the conflict in Lebanon widens.

June 8—Israeli Prime Minister Begin asks Syrian President Hafez Assad not to engage his forces with the Israelis in Lebanon.

June 9—An Israeli army spokesman reports that the Israeli air force has destroyed Syrian anti-aircraft missile sites in Lebanon's Bekaa Valley; this leaves Syrian forces without adequate cover against Israeli forces.

June 10—In Bonn, U.S. officials disclose that U.S. President Ronald Reagan has sent a "firm" message to Israeli Prime Minister Begin, calling for an end to the fighting in Lebanon and the withdrawal of Israeli forces.

June 11—Israel and Syria agree to a cease-fire in Lebanon after fierce fighting; the PLO is not a party to the truce.

June 12—The Israeli Foreign Ministry announces a cease-fire between Israeli and PLO forces in and around Beirut.

June 13—New fighting between Israeli and PLO forces shatters the brief cease-fire.

June 16—In Washington, D.C., U.S. State Department officials report Israeli assurances to the U.S. that Israeli forces will not move into Beirut.

June 18—The U.N. Security Council extends the term of the U.N. Interim Force in Lebanon for 60 days.

With almost two-thirds of the members boycotting the session, Israeli Prime Minister Begin addresses the U.N. special session on disarmament; he asserts a nation's right to defend itself.

June 21—Reiterating an earlier proposal, Egyptian President Hosni Mubarak says that Egypt is willing to allow

the Palestine Liberation Organization to set up its headquarters and a provisional regime in Egypt on the condition that only political activity is conducted.

Israeli President Begin meets in Washington, D.C., with U.S. President Reagan to discuss Lebanon.

June 25—Israeli land, sea, and air forces assault West Beirut and PLO strong points and camps and cut off Syrian forces from the Beirut-Damascus Highway.

June 26—The U.S. vetoes a Security Council resolution calling for the limited withdrawal from Beirut of both Israeli and PLO forces.

A new cease-fire in Beirut is negotiated.

June 27—The Israeli Cabinet issues a 6-point plan for peace in Lebanon and asks the PLO to withdraw from Beirut without their weapons and under safe conduct.

Pope John Paul II calls for peace in Lebanon and the recognition of Palestinian rights.

June 29—Israeli Prime Minister Begin agrees to allow PLO forces to leave Beirut with their small arms.

The U.S. State Department asks Israel to maintain the truce and cease-fire in Lebanon and to give U.S. special Middle East Ambassador Philip Habib time to work out a satisfactory political arrangement.

Meeting in Brussels, EEC (European Economic Community) leaders condemn the Israeli invasion of Lebanon and call for the simultaneous withdrawal of Israeli and PLO forces.

Middle East

(See *Lebanon Crisis*)

North Atlantic Treaty Organization (NATO)

(See also *Germany, West*; *U.S., Foreign Policy*)

June 10—NATO leaders end a 1-day meeting in Bonn; they endorse extended arms reduction talks with the Soviet Union and pledge to strengthen their own military defenses.

Organization of African Unity (OAU)

(See also *Chad*)

June 11—OAU troop commander Major General Geofrey Ejiga, on a peace-keeping mission in Chad, orders the withdrawal of his forces despite the request by Chad's new President Hissene Habré that they remain.

United Nations

(See also *Intl, Falkland Islands Crisis, Lebanon Crisis, U.S.S.R.*; *U.S., Foreign Policy*)

June 7—The General Assembly begins a 5-week special session on disarmament.

June 12—The U.N. Fund for Population Activities estimates the world's population in the year 2000 at 6.1 billion instead of the 7.5 billion it originally predicted.

Versailles Economic Summit Conference

(See also *Lebanon Crisis; U.S., Foreign Policy*)

June 6—In Versailles, leaders of the 7 major industrial democracies end a 3-day economic summit conference. Leaders agree on the need for "caution" in financial dealings with Soviet bloc countries, and plan "the launching of global negotiations" over trade between industrialized and developing countries.

AFGHANISTAN

June 8—Western diplomats report that, with Soviet support, Afghan soldiers have taken control of the Panjshir Valley.

ARGENTINA

(See also *Intl, Falkland Islands Crisis; Vatican*)

June 11—On his arrival in Argentina, Pope John Paul II is greeted by the President, Lieutenant General Leopoldo Galtieri; John Paul asks for peace in the Falkland Islands.

June 17—Galtieri resigns as President and head of the army following Argentina's defeat by Britain. Major General Cristino Nicolaides is appointed commander in chief and becomes a member of Argentina's ruling junta.

June 22—The Argentine army announces that it has taken "responsibility" for governing the country and names a retired general, Major General Reynaldo Benito Antonio Bignone, as President. A high-ranking Air Force General and a Navy Admiral resign from the ruling military junta to protest the appointment of a military man as President. Bignone will take office July 1. In a nationally broadcast communiqué, the army promises to restore civilian rule early in 1984.

June 25—Meeting with some 30 political leaders of 14 different parties, President-designate Bignone promises to lift the 6-year prohibition on political activity.

BAHAMAS

June 11—The results of yesterday's elections for a 43-member legislature are reported. The Progressive Liberal party led by Prime Minister Lynden O. Pindling has won a 5-year mandate. Some 32 PLP members and 11 Free National Movement candidates have been elected.

CAMBODIA

June 22—In Kuala Lumpur, Malaysia, 3 rivals representing the once warring factions in Cambodia agree on an anti-Vietnamese government in exile, the Coalition Government of Democratic Kampuchea. They are Prince Norodom Sihanouk, King of Cambodia for 15 years and later Chief of State; Khieu Samphan, Prime Minister under Pol Pot's Khmer Rouge rule; and Son Sann, Prime Minister under Sihanouk.

CANADA

June 28—In a budget message to Parliament, Finance Minister Allan J. MacEachen elaborates his proposal to limit federal wage increases to 6 percent over the next year and 5 percent the following year, in order to curb Canada's annual inflation rate of 11.8 percent. Federally regulated air fares and telephone service charges are also to be subject to a 6 percent limit on price increases.

June 30—Prime Minister Pierre Elliott Trudeau meets with the premiers of Canada's 10 provinces to ask their support for the government's proposal to stem inflation.

CHAD

(See also *Intl, OAU*)

June 7—N'djamena, the capital city, falls to rebel forces led by former Defense Minister Hissene Habré. For 2 years Habré's Armed Forces of the North (FAN) have fought troops loyal to President Goukouni Oueddei.

June 8—It is reported that Goukouni fled to Cameroon after the fall of N'djamena.

COLOMBIA

June 15—The Defense Ministry reports that leftist guer-

rillas ambushed an army patrol yesterday, killing 8 soldiers and 3 peasants. 3 rebels were also killed.

COSTA RICA

June 22—In Washington, D.C., President Luis Alberto Monge meets with U.S. President Ronald Reagan, who promises economic support to Costa Rica because of the financial problems stemming from the drop in the price of coffee, its major export.

CZECHOSLOVAKIA

(See U.S.S.R.)

EGYPT

(See also *Intl, Lebanon Crisis; Morocco; Sudan*)

June 4—According to U.S. officials, President Hosni Mubarak has rejected a meeting in Washington later this month with President Ronald Reagan and Prime Minister Menachem Begin.

June 6—The Cabinet condemns Israel's attack on Lebanon.

EL SALVADOR

June 4—In a ceremony at the Presidential Palace, 103 peasants receive title to their lands under the land redistribution program.

June 8—Defense Minister José Guillermo García declares that the army has won control of the country in a 10-day, 30,000-man campaign that included 3 American-trained battalions.

June 13—In northern Morazán province, leftist guerrillas engage government soldiers in heavy fighting.

June 23—The U.S. ambassador in San Salvador says that he is "skeptical" of reports that American advisers have gone on patrol with Salvador troops fighting leftist rebels.

FRANCE

(See also *Intl, EEC; U.S.S.R.; U.S., Foreign Policy*)

June 11—In Brussels, French Finance Minister Jacques Delors announces a devaluation of the franc by 5.75 percent against the dollar and 10.7 percent against the West German mark after a meeting of European Monetary System finance ministers.

June 12—In response to the devaluation of the franc, Prime Minister Pierre Mauroy announces a 4-month freeze on wages and prices to keep the franc from falling again and to fight an inflation rate of 14 percent.

June 14—President François Mitterrand issues a statement asking Israel to stop all attacks on Lebanon, following the arrival in Paris of Israeli Foreign Minister Yitzhak Shamir to discuss Israel's war in Lebanon.

GERMANY, WEST

June 10—While NATO (North Atlantic Treaty Organization) leaders meet in the West German Chancellery, tens of thousands of young people gather to protest the deployment of more atomic weapons in West Europe.

GREECE

June 1—In Athens, Zimbabwe's Prime Minister Robert Mugabe and Prime Minister Andreas Papandreou sign an agreement; Greece will give economic, tourist and trade assistance to Zimbabwe.

GUATEMALA

June 9—General Efraín Ríos Montt names himself Pres-

ident and ousts the other two members of the ruling junta.

GUYANA

(See *Venezuela*)

IRAN

(See *Iraq*)

IRAQ

June 4—The Iranian press agency reports that Iran is demanding \$150 billion in damages from Iraq and the trial of Iraqi President Saddam Hussein as the principal conditions for ending the war with Iraq.

June 9—In a televised statement from the ruling Revolutionary Command Council, Iraq announces that it will remove all its forces from Iran "within . . . 2 weeks."

June 10—The Baghdad radio broadcasts a communiqué declaring that Iraq has ceased military operations in Iran and that it will observe a unilateral cease-fire.

June 21—Iran's leader, Ayatollah Ruhollah Khomeini, in a radio broadcast, declares that the Iraqi withdrawal from Iran will not end the war.

June 28—President Hussein dismisses all members of the Revolutionary Command Council and 8 Cabinet ministers. Yesterday Hussein's Baath party held a meeting at which 7 of the 14 party leaders were removed and Hussein was reelected party secretary.

After 21 months of occupying Iranian territory, the last Iraqi soldiers leave Iran.

ISRAEL

(See also *Intl, Lebanon Crisis; Egypt; France; U.S., Foreign Policy*)

June 4—Israeli jets strike Palestinian guerrilla camps in Beirut's suburbs and in southern Lebanon in retaliation for the shooting yesterday of Shlomo Argov, the Israeli ambassador to Britain. The Palestine Liberation Organization has denied responsibility for the attack on Argov.

Palestinian guerrillas in southern Lebanon fire rockets and artillery at northern Israel.

June 6—Israel invades southern Lebanon.

June 16—The elected city councils of two West Bank towns are dissolved because they refused to work with the Israeli civil administration in the occupied West Bank.

ITALY

(See also *U.S., Foreign Policy*)

June 1—The major employers' association decides to abandon the "scala mobile," in effect since 1975, under which wages increase automatically as the cost of living escalates.

June 25—A general strike involving about one-half the work force is staged to protest the termination of the scala mobile.

JAPAN

(See *U.S., Labor and Industry*)

KENYA

June 9—Parliament approves a bill to amend the constitution; Kenya becomes a state with only one party, the Kenya African National Union.

KOREA, SOUTH

June 8—Over 1,000 anti-government student demon-

strators from Yonsei University in Seoul fight with policemen.

LEBANON

(See also *Intl, Lebanon Crisis; Egypt; Israel*)

- June 9—Christian and Muslim leaders in Beirut urge all Lebanese to support President Elias Sarkis and his government in the face of the Israeli invasion.
- June 20—The Council of National Salvation, created by the warring factions in Lebanon, meets for the first time to try to unite in the face of the Israeli invasion.

MAURITIUS

- June 11—Elections are held for a new Parliament.
- June 12—The Labor party minority government led by Prime Minister Seewoosagur Ramgoolam, which has ruled for 14 years, is defeated. The Mauritian Militant Movement and its ally, the Mauritian Social Democratic party, win 60 seats and elect all their candidates in the 60 constituencies.
- June 16—The newly elected alliance appoints a Cabinet under a new Prime Minister, Aneerood Jugnauth.

MOROCCO

- June 8—In Cairo, Moroccan Foreign Minister Mohammed Boucetta meets with Egyptian President Hosni Mubarak. Boucetta is the first high-ranking Arab official to visit Egypt from one of the 17 countries that cut diplomatic ties with Egypt after the Egyptian-Israeli agreement of 1979.

NAMIBIA

- June 2—Sam Nujoma, leader of the South-West Africa People's Organization (SWAPO), rejects Western proposals for elections and insists on one-man, one-vote proportional representation as the basis for elections.
- June 17—South African Prime Minister P. W. Botha says that South Africa cannot accept the Western proposals for Namibian independence until Cuban troops leave Angola.
- June 24—In Washington, a new series of meetings open on Namibia.
- June 25—At an African regional conference in Luanda, Angola, Angola rejects a Western proposal that settlement of the Namibian issue be contingent on the withdrawal of the 15,000-20,000 Cuban troops in Angola. Angola insists that Cuban withdrawal is an internal Angolan affair.

NICARAGUA

- June 23—The administration of U.S. President Reagan asks the U.S. Congress to appropriate \$5.1 million in aid for the Roman Catholic Church and other private organizations in Nicaragua that oppose the ruling leftist Sandinist government.

NIGERIA

- June 18—After more than 12 years in exile, Odumegwu Ojukwu, Biafran secessionist leader during the 1967-1970 civil war, returns and is greeted by some 5,000 people who belong mostly to the Ibo ethnic group.

PAPUA NEW GUINEA

- June 5—Voting for 109 members of Parliament begins and will last for three weeks as 1.5 million voters choose from among 1,126 candidates.

PHILIPPINES

- June 6—Philippine troops are placed on alert in the

Muslim-dominated southern Philippines in anticipation of the legislative elections.

- June 7—Some 3 million voters in 10 Muslim provinces vote for candidates for 34 seats in two regional legislative assemblies.

POLAND

- June 7—In Paris, banking sources report that Poland will not be able to pay any of the \$2.1 billion in interest due on its \$14-billion private bank debt unless Western banks lend Poland more money. Poland also seeks postponement of the \$2.5-billion principal payment due this year. In addition, Poland owes Western governments \$15 billion.
- June 28—In Poznan, Polish police fight with young demonstrators as some 4,000 workers march to commemorate the 26th anniversary of the 1956 riots there.
- June 30—Martial law authorities announce that the 2-month curfew in Warsaw has ended; discos and student clubs can reopen.

SAUDI ARABIA

- June 13—King Khalid, who has ruled since 1975, dies of a heart attack. Crown Prince Fahd, a half brother, succeeds to the throne. Prince Abdullah, also a half brother, is named Crown Prince.

SOUTH AFRICA

(See also *Namibia*)

- June 17—Piet Koornhof, Minister of Cooperation and Development, formally notifies the leaders of the tribal homeland known as Kangwane that their territory will be dissolved and merged with the independent Kingdom of Swaziland. Kangwane's chief minister, Nganani Mabuza, protests the dissolution and merger.

SPAIN

- June 7—Basque separatist guerrillas claim responsibility for yesterday's bombing of 2 banks and 2 power plants.
- June 8—Terrorists bomb a civil guard explosives truck in Bilbao. Police sources charge that ETA, the Basque separatist group, is to blame.
- June 9—Santiago Carrillo resigns as the secretary general of the Communist party.
- June 13—Carrillo agrees to withdraw his resignation.

SUDAN

- June 1—In Cairo, Sudanese President Gaafar al-Nimeiry meets with Egyptian President Hosni Mubarak.

SYRIA

(See *Intl, Lebanon Crisis*)

U.S.S.R.

(See also *Intl, Arms Control, NATO; U.S., Foreign Policy*)

- June 2—In Moscow President Leonid I. Brezhnev and Czech President Gustav Husak pledge to support the Polish government's efforts to restore order.
- June 15—At the U.N., Soviet Foreign Minister Andrei A. Gromyko addresses the General Assembly's special session on disarmament and asserts that the U.S.S.R. "assumes an obligation not to be the first to use nuclear weapons."
- June 20—The *New York Times* reports that the 1982 So-

viet grain harvest may total only 158 million metric tons.

June 24—French Air Force Colonel Jean-Loup Chrétien joins two Soviet astronauts aboard a Soyuz T-6 spaceship that is scheduled to line up with the Soviet's Salut 7 orbital laboratory. The flight marks the culmination of a 16-year program of French-Soviet cooperation in space exploration.

UNITED KINGDOM

(See also *Intl, Falkland Islands Crisis; U.S., Foreign Policy*)

June 21—Diana, the Princess of Wales, gives birth to a boy, second in line to the throne after his father, Prince Charles.

June 23—Prime Minister Margaret Thatcher meets in Washington, D.C., with U.S. President Ronald Reagan to discuss the Falklands crisis.

June 27—A nationwide strike of British trainmen shuts down British Rail.

June 29—On strike since June 25, subway workers (the London Underground unit of the National Union of Railwaymen) agree to return to work tomorrow.

The Associated Society of Locomotive Engineers and Firemen votes to strike against British Rail on Sunday, July 4.

UNITED STATES

Administration

June 1—Agriculture Secretary John R. Block announces plans to distribute free to low-income Americans 50 million pounds of surplus butter and 120 million pounds of surplus cheese from the surpluses accumulated by the Department of Agriculture's Commodity Credit Corporation.

June 11—The Justice Department announces that it is preparing to prosecute some 200 men who have failed to register for a possible military draft.

June 15—Attorney General William French Smith announces the arrest in New York City of Edwin P. Wilson, a former Central Intelligence Agency agent, charged with the illegal shipment of explosives to Libya and other crimes.

June 21—In U.S. district court in Washington, D.C., a jury finds John W. Hinckley Jr. not guilty by reason of insanity on all 13 charges of shooting President Ronald Reagan and 3 others on March 30, 1981.

June 22—U.S. district court Judge Barrington D. Parker commits John W. Hinckley Jr. to St. Elizabeth's Hospital in Washington, D.C., for psychiatric examination, with a further court hearing set for August 9.

June 28—After a 6-month investigation, special prosecutor Leon Silverman reports that there is no evidence of any kind linking Labor Secretary Raymond J. Donovan with organized crime while Donovan was an executive of a New Jersey construction company.

Civil Rights

(See also *Legislation*)

June 2—In South Bend, Indiana, a U.S. district court grand jury indicts Joseph Paul Franklin, who is charged with shooting former National Urban League President Vernon Jordan Jr. in Fort Wayne, Indiana, on May 29, 1980.

June 30—Because only 35 states ratified it by today's deadline, the proposed Equal Rights Amendment does not become part of the Constitution.

Economy

June 4—The Labor Department reports that the na-

tion's unemployment rate rose slightly to 9.5 percent in May.

June 22—The Labor Department reports that its consumer price index rose 1 percent in May.

June 25—The Commerce Department reports a foreign trade deficit of \$3.29 billion for May.

June 30—The Commerce Department reports that its index of leading economic indicators rose 0.3 percent in May.

Foreign Policy

(See also *Intl, Arms Control, Falkland Islands Crisis, Lebanon Crisis, Versailles Economic Summit Conference; Costa Rica; Egypt; Nicaragua*)

June 2—President Reagan arrives in Paris at the beginning of a 9-day trip to Europe.

June 4—The leaders of the 7 Western industrial nations open their economic conference in Versailles.

June 7—President Reagan meets in Rome with Italian leaders and with Pope John Paul II; he calls his 9-day European trip a "pilgrimage for peace . . ."

June 8—President Reagan addresses both houses of Parliament in London.

June 9—Addressing a meeting of the North Atlantic Treaty Organization in Bonn, President Reagan asks both East and West to agree to "a major step toward a safer Europe," with each side limiting its ground forces to 700,000 soldiers.

June 10—U.S. officials in Bonn reveal that President Reagan has asked Israeli Prime Minister Menachem Begin to withdraw Israeli forces from Lebanon.

June 11—President Reagan returns to Washington, D.C., after ending his European trip with a visit to the Berlin Wall.

June 12—Between 500,000 and 750,000 peaceful demonstrators parade in New York City to protest nuclear arms.

June 17—Addressing the U.N. special session on disarmament, President Reagan says that "we need more . . . than empty promises . . ." from the Soviet Union; nonetheless, he is "ready to take the next steps" toward arms control.

June 18—President Reagan refuses to ease the sanctions imposed December 30, 1981, on American companies selling equipment for the proposed gas pipeline from Siberia to West Europe; instead, he extends the sanctions to foreign companies manufacturing this equipment under U.S. licenses.

June 19—Speaking at a news conference after concluding 2 days of talks with Soviet Foreign Minister Andrei A. Gromyko, Secretary of State Alexander M. Haig Jr. says that the Soviet Union has recently conducted an "unprecedented" series of missile tests "which belie by specific action" Gromyko's statement of June 15 on disarmament to the U.N. special session on disarmament.

June 20—Israeli Prime Minister Menachem Begin arrives in Washington, D.C., for talks with President Reagan.

June 22—Israeli Prime Minister Begin meets with the Senate Foreign Relations Committee in a "lively discussion" of Israeli policy on the occupied West Bank of the Jordan River and in Lebanon.

June 23—British Prime Minister Margaret Thatcher meets with President Reagan at the White House to discuss the Falkland Islands situation.

June 24—The Commerce Department says that any foreign companies violating the U.S. embargo on the sale of American pipeline equipment or technology to the

Soviet Union will not be able to obtain material or information from the U.S.

June 25—Alexander M. Haig Jr. resigns as Secretary of State because of foreign policy differences with President Reagan; President Reagan accepts his resignation and names former Treasury Secretary George P. Schultz as Secretary of State.

June 30—President Ronald Reagan says that the U.S. supports a move "to get all foreign forces . . . out of Lebanon."

Labor and Industry

June 22—6 Japanese businessmen, employees of Hitachi Ltd. and the Mitsubishi Electric Corporation, are arrested in California and charged with conspiring to steal confidential computer information from the International Business Machines Corporation for their companies; warrants for 12 other Japanese businessmen living in Japan are also issued.

Legislation

June 10—The Senate votes 81 to 4 to approve the Intelligence Identities Protection Act, which provides stiff penalties for uncovering the identities of covert U.S. agents; the House approved the act on June 3 by a 315-32 vote.

June 18—The Senate votes 85 to 8 to approve a bill extending the Voting Rights Act of 1965 for 25 years; the House has passed a similar bill and House leaders agree to adopt the Senate bill and send it to the President.

June 22—In a 210-208 vote, the House approves a Republican-sponsored \$769.8-billion budget compromise for fiscal 1983, with a projected deficit of \$103.9 billion.

June 23—President Reagan signs the Intelligence Identities Protection Act.

In a 54-45 vote, the Senate passes the compromise budget measure for fiscal 1983.

In a voice vote, the House approves an \$8.9-billion supplemental appropriations bill for 1982 containing a \$3-billion housing subsidy provision; the Senate approved the bill earlier.

Voting 49 to 41, the Senate approves legislation raising the federal temporary debt ceiling to \$1.143 trillion until September 30, 1980. The House has already approved the measure.

June 24—President Reagan vetoes the \$8.9-billion supplemental appropriations bill.

In a 253-151 vote (17 votes short of the necessary two-thirds), the House fails to override the veto.

The House approves a \$5.9-billion supplemental appropriations bill without the housing subsidy; in a 50-26 vote the Senate approves and sends the bill to President Reagan.

In his second veto today, President Reagan rejects the \$5.9-billion appropriations bill.

June 29—President Ronald Reagan signs the 25-year extension of the Voting Rights Act of 1965.

Politics

June 28—The Democratic party ends a 3-day midterm convention in Philadelphia.

Science and Space

June 27—The space shuttle *Columbia* takes off from Cape Canaveral, Florida, on its 4th and last space mission; the shuttle carries a secret military cargo.

Supreme Court

June 1—The Court rules that if police have "probable cause" to search an automobile without a search warrant, they may also search luggage or packages in the car without a warrant.

June 14—The Court rules 8 to 1 that Alaska may not distribute the oil revenue windfall it has received on the basis of length of residence in the state because such a plan violates the constitutional guarantee of equal protection under the law.

June 15—In a 5-4 ruling, the Court declares that illegal alien children have a right to a free public education in the U.S.

June 18—The Court rules 5 to 4 that retarded people in state institutions are entitled by the 14th Amendment to at least "minimally adequate" training in how to take care of themselves.

June 23—In a 6-3 ruling, the Court reaffirms a 1980 ruling that the public and the press have a "constitutional right of access to criminal trials"; the ruling invalidates a Massachusetts state law that makes mandatory the closing of a courtroom in cases involving young victims of sex crimes.

June 24—The Court rules 5 to 4 that no U.S. President can be sued for damages for official action he takes while in office; the case involves a suit against former President Richard M. Nixon.

June 25—In a fragmented ruling, the Court declares that the discretionary power of public school officials wanting to remove books they regard as offensive from school libraries is limited by the 1st Amendment guarantees of freedom of speech.

June 28—The Court rules 6 to 3 that although handicapped children are entitled by federal law to a public education from which they derive "some educational benefit," local districts are not required to provide enough education to enable such children to realize their "full" potential.

VATICAN

(See also *Argentina*; *U.S.*, *Foreign Policy*)

June 2—Pope John Paul II ends his 6-day trip to Great Britain.

June 11—John Paul arrives in Argentina for a 2-day visit.

VENEZUELA

June 18—The 12-year moratorium on Venezuela's claim to over one-half of Guyana's territory expires. It is reported that Venezuelan President Luis Herrera Campins will seek a peaceful solution to the dispute over the area known as Guyana Essequibo.

YUGOSLAVIA

June 26—The League of Communists (Communist party) opens its 12th congress, the first since the 1980 death of Marshal Josip Broz Tito.

June 29—The party congress ends with a call to continue Tito's policies. Mitja Ribicic is elected president of the Central Committee by secret ballot.

ZIMBABWE

(See also *Greece*)

June 24—The official residence of Prime Minister Robert Mugabe is attacked by gunmen, who battle with guards there.

JULY, 1982

INTERNATIONAL

Arab League

(See *Intl, Lebanon Crisis*)

Falkland Islands Crisis

(See also *Argentina; United Kingdom*)

July 12—The British Foreign Office says the Falkland Islands War is officially ended; it will repatriate the remaining 593 Argentine prisoners of war.

Argentine Foreign Minister Juan Aguirre Lanari lauds the British decision to return the Argentine prisoners; he says that Argentina has agreed only to "a de facto cessation of hostilities" and not to a formal cease-fire.

U.S. President Ronald Reagan lifts economic sanctions on Argentina, imposed by the U.S. on April 30.

July 22—British Prime Minister Margaret Thatcher tells Parliament that Argentina has been asked to keep its forces out of a 150-mile zone around the Falkland Islands "to minimize the risk of misunderstandings. . . ."

International Whaling Commission

(See also *Japan*)

July 23—Meeting in London, the members of the International Whaling Commission vote 25 to 7 (with 5 nations abstaining) to halt all commercial whaling, starting in 1986 and to decrease the catch each year until then.

Iranian-Iraqi War

July 14—U.S. Defense Department officials report that Iranian forces have invaded Iraq and have penetrated some 6-10 miles toward the 2d largest Iraqi city of Basra.

Iranian Prime Minister Mir Hussein Moussavi says that Iran will not agree to the cease-fire requested by the U.N. Security Council on July 12.

July 15—U.S. officials estimate that some 100,000 troops on both sides are involved in Iran's invasion of southern Iraq.

July 29—In reports not verified independently, Iran says its forces have seized 60 square miles of Iraqi territory near Basra; Iraq denies the claim.

July 30—The Iraqi government announces that it has "completely crushed" the Iranian forces near Basra.

Lebanon Crisis

(See also *Egypt; Israel; U.S., Foreign Policy*)

July 4—The Israeli Cabinet "rejects any proposal for any sort of presence" of the Palestine Liberation Organization (PLO) in Lebanon.

The U.N. Security Council unanimously approves a resolution urging Israel to permit the shipment of food, medicine and water into West Beirut; Israel has cut off supplies to the area.

July 5—U.S. President Ronald Reagan announces that he has "agreed in principle to contribute a small contingent" of U.S. forces as part of a peacekeeping force in Lebanon.

PLO chairman Yasir Arafat refuses a U.S. offer to evacuate the PLO from Beirut under the protection of the U.S. 6th Fleet.

July 9—Syrian government spokesmen say that "under the present circumstances" there is no possibility of moving the Palestinian fighters from Beirut to Syria.

July 10—French Ambassador to Lebanon Paul-Marc

Henry says that France agrees in principle to contribute troops to an international peacekeeping force in Lebanon.

July 18—In a note delivered to the White House July 16, Israel admits it has used cluster bombs in Lebanon, claiming that such use is not a violation of its pacts with the U.S.

July 19—Syrian President Hafez Assad says that as long as Israeli forces remain in Lebanon, Syrian forces will do the same.

July 20—Meeting in Washington, D.C., with U.S. President Ronald Reagan, Syrian Foreign Minister Abdel Halim Khaddam and Saudi Arabian Foreign Minister Prince Saud al-Faisal outline a plan to move PLO forces from Beirut to north Lebanon on a temporary basis.

July 22—Saying that Syrian forces have violated the latest cease-fire, Israeli forces stage new air and artillery attacks on West Beirut and eastern Lebanon.

July 26—White House spokesman Larry Speakes reiterates that the U.S. will not recognize or negotiate with the PLO until that organization recognizes Israel "in a clear and unequivocal way."

July 27—The mandate from the Arab League for the Syrian peacekeeping force in Lebanon expires at midnight; Syrian President Assad has said he will not withdraw his forces while Israel continues to attack West Beirut.

July 28—Israeli planes raid West Beirut for the 7th straight day.

July 29—After 2 days of meetings in Jidda, Saudi Arabia, the foreign ministers of the Arab League and a PLO representative endorse a plan under which the PLO would leave West Beirut with safe passage guarantees and guarantees for the safety of the Palestinian refugees.

In a 14-0 vote, with the U.S. refusing to take part, the U.N. Security Council votes for a resolution demanding that Israel permit food and other supplies to pass its blockade of West Beirut.

In New York, the U.N. discloses a July 28 report that says the PLO seized a U.N. Relief and Works Agency supply warehouse in West Beirut on July 19 and is not allowing supplies in or out.

July 30—The PLO offers a new plan for its withdrawal from West Beirut that calls for an immediate cease-fire and the development of a multinational peacekeeping force (including U.S. troops) between the Israelis and the PLO.

United Nations

(See *Intl, Iranian-Iraqi War, Lebanon Crisis*)

ANGOLA

July 25—The Angolan press agency reports that Angola has refused to accept Western suggestions to link the withdrawal of South African forces from Namibia with the withdrawal of Cuban troops from Angola.

ARGENTINA

(See also *Intl, Falkland Islands Crisis*)

July 1—Major General Reynaldo Bignone is inaugurated as President to succeed Lieutenant General Leopoldo Galtieri. Bignone promises to restore democracy to Argentina by March, 1984.

July 6—Argentina's central bank devalues the peso 22 percent for trade and floats it for all other transactions. New credit controls are also established

- July 14—Britain returns the last 592 war prisoners it has been holding in the Falkland Islands to Argentina, including Major General Mario Benjamin Menéndez, commander of the Argentine forces in the Falklands.
- July 17—President Bignone signs a law ending the ban on political parties, in effect since 1976. The Interior Ministry ends an 8-year ban on political rallies.
- July 20—The Radical Youth, a faction of the Radical party, attracts 10,000 people to a meeting in a boxing arena in Buenos Aires; it is Argentina's first political rally in six years.
- July 26—The Army announces that the senior commanders involved in the Falkland Islands campaign have been removed from their posts.

BOLIVIA

- July 15—President Celso Torrelío promises to hold elections on April 14, 1983, and to turn over the presidency to the winner on August 6, 1983.
- July 19—A new military junta ousts the 10-month-old government of President Celso Torrelío. The junta includes General Angel Mariscal, commander of the Army; General Natalio Morales of the Air Force; and Vice Admiral Oscar Pammo of the Navy.
- July 21—General Guido Vildoso Calderón is sworn in as President.

CAMBODIA

- July 5—In Bangkok, Prince Sihanouk, who leads the new coalition of Cambodian resistance groups, meets Son Sann, head of the Khmer People's National Liberation Front, and Khieu Samphan, head of the ousted Pol Pot government.
- July 11—Prince Sihanouk names the members of the coalition government of Cambodian resistance and asks for international support. The coalition's clandestine radio reports that Prince Sihanouk is President; Khieu Samphan, Vice President; and Son Sann, Prime Minister.

CHINA

(See also *U.S., Foreign Policy*)

- July 5—China begins its first census since 1964.
- July 13—Western military sources announce that China exploded a simulated tactical nuclear weapon last month in Ningxia.
- July 25—The New China News Agency circulates a letter from Liao Chengzhi, a high-ranking Chinese official, to Taiwan's President Chiang Ching-kuo; Liao offers to visit Taiwan to discuss proposals to reunify the island with the mainland.

EGYPT

(See also *Intl, Lebanon Crisis*)

- July 26—In a speech celebrating the 30th anniversary of the 1952 revolution, President Hosni Mubarak urges Israel to withdraw its troops from Lebanon immediately, saying that the Israeli invasion was a "violation of the very spirit of peace. . . ."

IRE

- July 1—Prime Minister Charles Haughey's government wins a vote of confidence and defeats an attempt to force a second general election this year.

EL SALVADOR

(See also *U.S., Foreign Policy*)

- July 7—Defense Minister José Guillermo García an-

nounces that 400 rebels have been killed in Morazán province.

- July 16—After months of debate, an \$85-million loan to El Salvador is approved by the International Monetary Fund.

- July 23—Jorge Arturo Argueta, the newly appointed president of El Salvador's land redistribution agency, charges that some \$6 million in agency funds are missing and that the peasants' cooperatives are some \$30 million in arrears.

ETHIOPIA

(See *Somalia*)

FIJI

- July 18—Prime Minister Ratu Sir Kamisese Mara's Fijian Alliance party narrowly defeats the Indian-dominated National Federation party in the general elections.

FRANCE

- July 1—The government announces a plan to divide Paris into 20 municipalities each with its own mayor and town council. The plan must be approved by Parliament.
- July 8—In private talks in Hungary, President François Mitterrand and Hungarian leader Janos Kadar promise to strengthen political and economic cooperation between their countries and to help improve Western-Soviet relations.
- July 12—Following a meeting between Daniel Ortega Saavedra, coordinator of the Nicaraguan junta, and President Mitterrand, France reports it has begun arms deliveries to the Nicaraguan junta.
- July 20—16 people are wounded in a bombing near Notre Dame Cathedral; an Armenian group claims responsibility.
- July 23—Despite the U.S. ban, the government instructs French companies to fulfill their contracts to produce parts licensed by American concerns for the Soviet gas pipeline.

GERMANY, WEST

- July 1—At a news conference, Chancellor Helmut Schmidt minimizes difficulties within the 13-year-old coalition of Social Democrats and Free Democrats.
- July 22—Chancellor Schmidt says that other West European countries will follow France in defying President Reagan's ban against aiding construction of the Soviet gas pipeline.

GREECE

- July 5—A new Greek Cabinet is sworn in. Gerasimos Arsenis is made Minister of National Economy and Dimitris Koulourianos becomes Minister of Finance.

GRENADA

- July 28—Prime Minister Maurice Bishop and Soviet Prime Minister Nikolai A. Tikhonov agree that the Soviet Union will give Grenada substantial credits for the purchase of steel, flour, equipment and other essentials.

GUATEMALA

- July 1—As an amnesty for guerrillas expires, a state of siege is imposed.
- President Efraín Ríos Montt asserts Guatemala's claim to neighboring Belize.

HONDURAS

- July 14—President Roberto Suazo Cordova confers with

President Reagan in Washington, D.C. President Reagan proposes to increase U.S. military aid to Honduras by \$4 million next year.

July 15—In Washington, D.C., President Suazo says that Nicaraguan troops have crossed into his country and that Honduran forces have crossed the border into Nicaragua.

HUNGARY

(See *France*)

INDIA

(See also *U.S., Foreign Policy*)

July 15—The results of the July 12 election are announced; Zail Singh has been chosen India's seventh President.

July 25—Zail Singh is sworn in as President.

July 27—Prime Minister Indira Gandhi arrives in the U.S. for an 8-day visit.

INDONESIA

July 27—Defense Minister General Mohammad Jusuf meets with U.S. President Reagan and U.S. Defense Secretary Caspar Weinberger in Washington, D.C.

IRAN

(See also *Intl, Iranian-Iraqi War*)

July 10—The head of Iran's military tribunal (scheduled to try former Foreign Minister Sadegh Ghotbzadeh) says the trial has been indefinitely delayed at Ghotbzadeh's request. The former minister has confessed to organizing a plot to overthrow Iran's government.

IRAQ

(See *Intl, Iranian-Iraqi War*)

ISRAEL

(See also *Intl, Lebanon Crisis; U.S., Foreign Policy*)

July 5—Gunfire wounds five people in clashes between Israeli soldiers and Arabs in the occupied West Bank.

July 6—Prime Minister Menachem Begin's coalition government regains a slim 61-59 voting majority in Parliament when Mordechai Ben-Porat, one of two members of the dissolved Telem party, joins the Cabinet.

Shawki Mahmoud, mayor of Jenin on the West Bank, is the fifth Arab mayor to be dismissed by Israel. He is ousted for refusing to meet the Israeli civilian administrator for the occupied West Bank.

July 8—Israel closes Bir Zeit University, the largest Palestinian university on the West Bank.

July 9—Israel's Defense Ministry dismisses the Palestinian mayor of Gaza.

July 17—Thousands gather for a rally in Tel Aviv to demonstrate support for the military operations in Lebanon. The gathering is much larger than the antiwar demonstration held July 3.

July 23—Techiya, the extreme right-wing party with three votes in Parliament, agrees to join Begin's coalition government.

ITALY

July 10—Prime Minister Giovanni Spadolini's five-party coalition government survives when the Senate votes 164 to 108 to approve strict new economic measures.

July 16—European bankers report that Banco Ambrosiano, S.A. of Luxembourg, a holding company 70 percent of which is owned by Italy's Banco Ambrosiano, is in default of \$400 million to major international banking groups.

July 24—The Foreign Ministry announces that "signed contracts [concerning the Siberian pipeline] will be honored" by Italy, despite the U.S. ban.

JAPAN

(See also *Intl, Whaling Commission*)

July 23—The Japanese Cabinet announces a 60 percent increase in military spending for 1983 through 1987.

July 24—In Tokyo, officials protest the International Whaling Commission's decision to prohibit all commercial whaling in 3 years.

KENYA

July 21—The management of Kenya's second largest daily newspaper, *The Standard*, dismisses its editor-in-chief, George Githii, for an editorial criticizing the government.

LEBANON

(See also *Intl, Lebanon Crisis*)

July 19—David Dodge, acting president of the American University in Beirut, is kidnapped by unidentified gunmen.

MEXICO

July 5—Miguel de la Madrid Hurtado of the Institutional Revolutionary party, with 74 percent of the vote, is declared the winner of the presidential election of July 4. He will succeed President José López Portillo on December 1.

NAMIBIA (South-West Africa)

(See also *U.S., Foreign Policy*)

July 6—The Western and African nations begin discussions to end the guerrilla war in Namibia and to give Namibia its independence next year. Representatives of South Africa do not participate in the discussions.

NICARAGUA

July 16—Nicaragua says that rightists aided by the U.S. Central Intelligence Agency and evangelical sects launched an invasion from Honduras 12 days ago. The government says that 100 people have died in the northern provinces, which have been infiltrated by over 1,000 guerrillas.

PANAMA

July 30—President Anstedes Royo resigns without explanation; he will be replaced by Vice President Ricardo de la Espriella.

POLAND

July 12—The Communist Party daily *Trybuna Ludu* announces that in April and May the Communist party ousted nearly 50,000 members in the second phase of a purge. 50,000 members were reportedly purged in March.

July 13—It is reported that the military government has quietly released a number of Solidarity activists.

July 16—A shake-up of the Communist party is revealed as changes in the Cabinet of General Wojciech Jaruzelski are announced.

July 21—Jaruzelski announces that more than 1,227 people imprisoned under martial law are being released. He also says Pope John Paul II will not be visiting Poland this year.

July 26—The official press agency P.A.P. reports that overall production dropped 7.8 percent and living costs rose 104 percent in the first 6 months of 1982.

SEYCHELLES

- July 6—In Victoria, four foreign mercenaries are condemned to death and one is sentenced to 20 years in jail for their role in a failed attempt to overthrow the Seychelles government.
- July 27—A South African Supreme Court judge absolves South Africa of complicity in the abortive November 21 coup in the Seychelles; 42 more mercenaries are convicted of conspiracy.
- July 29—In South Africa, the leader of the failed Seychelles coup is sentenced to 10 years in prison.

SOMALIA

(See also *U.S., Foreign Policy*)

- July 1—Ethiopian planes attack Somali border towns.
- July 12—The Somali press reports that Ethiopian troops supported by Soviet-built MiG's have attacked the Ogaden border villages of Ballanbale and Galdogob.
- July 16—Somalia says its troops have forced attackers from Ethiopia to flee back across the border.
- July 18—The Defense Ministry announces that Ethiopian armored units and ground forces are advancing on two fronts.
- July 22—Somali rebels claim their forces have moved on 5 towns along a 500-mile front on the Somali-Ethiopian border.

SOUTH AFRICA

(See also *Namibia; Seychelles*)

- July 2—Security forces use tear gas, dogs and a helicopter to disperse 4,000 rioting black miners at the West Driefontein gold mine southwest of Johannesburg.
- July 6—2,000 black miners riot against new pay scales at a platinum mine in Bophuthatswana, and 80 miners are arrested at the Venterpost gold mine near Johannesburg.
- July 7—Following riots by black miners that left 10 dead in 7 days, more than 1,000 black miners are returned to their homelands.
- July 17—Two black activists, Malusi Mpumlwana and Charles Ngakula, head of the black writers' union until he was banned, are informed that they need visas to enter South Africa from their homeland area.
- July 30—Prime Minister P. W. Botha offers a plan that grants political rights to the nation's 800,000 Asians and 2.5 million coloreds; the majority black population is not included.

SPAIN

- July 23—The government announces that it will buy 84 F-18A fighter bombers from the U.S. McDonnell Douglas Corporation for \$3 billion.

SRI LANKA

- July 30—A state of emergency is imposed to stop fighting between Sinhalese and minority Muslims.

TURKEY

- July 1—Denmark, Norway, Sweden, the Netherlands and France enter a complaint against Turkey with the European Commission for Human Rights, charging Turkey with political repression and the torture of prisoners.
- July 6—Former Prime Minister Bulent Ecevit is sentenced to two months and 27 days in jail for violating a decree banning former politicians from making political statements about Turkey.
- July 14—Deputy Prime Minister Turgut Ozal, Finance

Minister Kaya Erdem, Minister of Public Works Serid Tuten, and Yildirim Akturk, the Under Secretary of the State Planning Organization, resign.

- July 20—Ten leftist union activists are freed from jail by a military judge.

U.S.S.R.

(See also *U.S., Foreign Policy*)

- July 1—The Soviet Union reduces its telephone links to the U.S. and at least eight West European countries.
- Tass denies an American charge that new SS-20 missiles have been deployed west of the Urals.
- July 2—French Air Force Colonel Jean-Loup Chrétien and two Soviet astronauts return to earth after a nine-day space mission.
- July 12—In *Pravda*, Defense Minister Dmitri F. Ustinov says that questions have been raised within the Soviet Union about the wisdom and timing of the Soviet decision to renounce first use of nuclear weapons.

UNITED KINGDOM

(See also *Intl, Falkland Islands Crisis*)

- July 5—A railroad strike leaves hundreds of thousands of passengers stranded.
- July 6—In a written reply to a parliamentary question, Armed Forces Minister Peter Blaker says British losses in the Falkland Islands totaled 255 dead and 777 wounded.
- July 17—It is reported that British officials are investigating an espionage charge involving the government's communications headquarters at Cheltenham, which controls a worldwide communications network.
- July 18—After two weeks of strikes, British Railway workers agree to accept management proposals for a flexible work day.
- July 19—It is announced that the government will not prosecute the intruder who entered Queen Elizabeth's bedroom July 9; trespassing in Britain is a violation of civil law, not a crime.
- July 20—In the House of Commons, Prime Minister Margaret Thatcher refuses to reveal details of the espionage case at the Cheltenham communications center.
- July 23—It is reported in London that 10 soldiers died and 49 were wounded in two bomb explosions in London on July 20. The Irish Republican Army claims responsibility.

UNITED STATES**Administration**

- July 1—President Ronald Reagan's newly created Property Review Board identifies 60,000 acres of surplus, government-owned land to be sold "to reduce the national debt."
- July 7—The Justice Department asks that a ruling allowing the release of 1,800 Haitian refugees from detention centers be stayed. The department contends that the Haitians are seeking economic rather than political asylum.
- July 9—President Reagan orders a 60-day cooling-off period to avert a nationwide railroad strike planned for July 11 by the Brotherhood of Locomotive Engineers.
- July 16—George P. Shultz is sworn in as the 60th Secretary of State.
- July 19—President Reagan nominates Kenneth W. Dam as Deputy Secretary of State.
- July 20—President Reagan sends Congress a report on the environment that calls for a balancing of environmental standards against economic costs.

In an effort to cut costs, the Department of Health and Human Services announces that it will no longer allow advance public comment on changes in rules concerning Social Security and other programs.

July 21—Interior Secretary James G. Watt announces approval of a plan that provides for the leasing of 1 billion acres of offshore coastal areas for gas and oil exploration.

July 22—Murray L. Weidenbaum, chairman of the President's Council of Economic Advisers, resigns. He is the 5th key economic official to leave the administration this year.

July 23—Seventeen Haitian refugees are released from a government detention center in Florida.

July 28—The Environmental Protection Agency issues new rules exempting "low-risk new chemicals" from agency review.

After a 10-year investigation, the Federal Trade Commission issues a regulation requiring disclosure and itemization of prices and services by funeral directors.

In an effort to stem National Direct Student Loan defaults, the Department of Education halts further loans to 528 colleges and educational institutions.

Civil Rights

(See *Supreme Court*)

Economy

July 2—Bureau of Labor Statistics figures for June show the unemployment rate at 9.5 percent, the highest level in 40 years. Unemployment among black teenagers has reached 52.6 percent.

July 16—The Labor Department announces proposed new regulations allowing longer work hours for 14 and 15-year olds.

The Bureau of Labor Statistics reports that the producer price index for June rose by 1 percent, the first increase since March, 1982.

July 19—The Census Bureau reports that 14 percent of the population lives below the poverty level, the highest rate of poverty since 1967.

July 21—The Commerce Department reports that the gross national product (GNP) rose at an annual rate of 1.7 percent for the second quarter of 1982.

July 23—The Labor Department releases figures for June showing that consumer prices rose by 1 percent; the inflation rate has jumped to 13.3 percent for the year.

July 27—The Congressional Budget Office releases a budget deficit projection of between \$140 billion and \$160 billion over the next three years; the administration estimates a deficit of about \$70 billion.

July 28—The Commerce Department reports that the foreign trade deficit was \$3.44 billion in June.

Following 2 other banks, Citibank lowers its prime rate to 15½ percent.

July 30—The Federal Reserve Board reduces the discount loan rate to 11 percent.

Mellon Bank becomes the first major bank to lower its prime lending rate to 15 percent.

The Commerce Department reports that the index of leading economic indicators remained unchanged in June.

Foreign Policy

(See also *Intl, Falkland Islands Crisis, Lebanon Crisis, Honduras; India; Indonesia*)

July 6—The State Department announces that it will no

longer attempt to deport the more than 15,000 Ethiopian exiles living in the United States.

July 8—It is reported that President Reagan will ease economic sanctions against Poland if Polish authorities liberalize current martial law restrictions.

In a letter to President Reagan, Soviet President Leonid I. Brezhnev warns the United States against committing American troops to a multinational peace-keeping force in Lebanon.

State Department spokesman Dean Fischer says that the United States will not reconsider its troop offer in light of the Soviet warning.

July 9—President Reagan announces that the U.S. will not sign the Law of the Sea Treaty because "the deep seabed mining part of the convention does not meet United States objectives."

July 13—After two years of negotiations, the State Department announces "a breakthrough" on ending the guerrilla war in Namibia (South-West Africa); all parties have agreed on an electoral system and the principles underlying a new constitution. The leader of the guerrilla front denies the report.

July 16—Claiming that "substantial violation by Israel may have occurred," the administration announces it will delay the shipment of cluster bombs to Israel.

Administration officials reportedly offer Saudi Arabia and other Persian Gulf countries the opportunity to hold joint military exercises as a show of strength and American support.

It is reported that President Reagan has sent a letter to the Chinese confirming his plan to sell F-5E fighter aircraft to Taiwan.

July 19—President Reagan decides to stop negotiations with the Soviet Union on a comprehensive ban on underground nuclear testing.

The Defense Intelligence Agency releases figures showing that the Soviet Union is spending 14 to 16 percent of its national wealth on military purposes.

July 23—Administration officials announce the conclusion of unpublicized talks between American and Soviet officials on the withdrawal of Soviet troops from Afghanistan.

July 24—The Interior Department releases a letter written by Interior Secretary James G. Watt to the Israeli Ambassador to the U.S., Moshe Arens; Secretary Watt told the ambassador that "liberals of the Jewish community" are weakening the United States ability to support Israel by opposing administration efforts to develop U.S. energy wealth.

The State Department confirms reports that the United States is supplying Somalia with weapons.

July 25—Responding to a statement by California Congressman Paul N. McCloskey Jr. (R.) that Yasir Arafat recognizes Israel's right to exist, the State Department says the statement must be taken with "extreme caution. . . until it is clear precisely what is involved."

July 26—President Reagan asks Congress not to approve a resolution calling for a freeze of Soviet and U.S. nuclear arms at current levels.

State Department spokesman Dean Fisher releases a statement with regard to newspaper reports of police torture of civilians in El Salvador. He says "there have been steps taken within the government and the national police to eliminate such practices."

July 27—President Reagan certifies to Congress that El Salvador is showing "tangible signs of progress" on human rights, land reform and changes in the political system.

State Department spokesman Dean Fischer announces the indefinite suspension of the shipment of cluster-bomb munitions to Israel.

July 28—Senator Barry Goldwater says the U.S. has offered China a pledge "not to sell Taiwan any higher quantity or quality of arms than we are doing now."

July 29—Interior Secretary James G. Watt apologizes for his letter to the Israeli Ambassador to the U.S.; he calls the letter an "unfortunate mistake."

William J. Casey, director of the Central Intelligence Agency, says that the agency provided invisible stamping ink to election authorities in El Salvador during the March elections.

In Washington, D.C., President Reagan and Indian Prime Minister Indira Gandhi reach an agreement whereby the U.S. will allow France to supply uranium to the U.S.-built Tarapur nuclear power plant.

Legislation

(See also *Political Scandal*)

July 1—With a 95-0 vote, the Senate approves a five-year, \$24-billion job-training program to replace CETA (Comprehensive Employment and Training Act) funds.

The House Committee on Standards of Official Conduct orders an investigation into allegations that House members bribed legislative pages to engage in sexual acts.

July 13—President Reagan's veto of a \$5.9-billion supplemental appropriation bill is left standing when the House of Representatives falls short of the necessary two-thirds majority needed to override it. The appropriation is \$1.3 billion higher than the President requested.

July 15—The House approves a Senate-passed bill substantially curtailing taxpayer monies for tobacco growers.

July 19—President Reagan signs a \$5.4-billion supplemental appropriation bill.

July 22—The House of Representatives votes to deny money to begin development of binary chemical weapons.

July 28—The House votes 208 to 197 to confer directly with the Senate on a \$99-billion tax bill, which was passed 50 to 47 by the Senate July 23.

Military

July 28—Legislation is passed by voice vote in the House that bars funds for any nuclear weapons development that would undercut the SALT I and SALT II agreements with the Soviet Union.

Political Scandal

(See also *Legislation*)

July 21—The Justice Department announces that it will not pursue accusations that Attorney General William French Smith improperly accepted \$50,000 in severance pay from the Earle M. Jorgensen Company.

July 27—Joseph A. Califano Jr. accepts the position of special counsel to the House Ethics Committee; the committee is looking into charges of sexual misconduct in the House.

Science and Space

July 4—Completing its final test flight, the space shuttle Columbia lands at Edwards Air Force Base, California.

Supreme Court

July 1—In a 6-3 ruling, the Court affirms two lower court decisions that circumstantial evidence is sufficient proof that an electoral system was created or maintained for the purpose of discriminating against black voters.

The Court rules 5 to 4 that the constitutional right to equal protection of the law was denied a male nursing student when the Mississippi University for Women refused him admission to the university's nursing school. Associate Justice Sandra Day O'Connor writes the majority opinion.

July 2—Invalidating the laws of nine states, the Court decides 5 to 4 that imposing the death penalty on a participant in a felony murder who "did not kill or intend to kill" is unconstitutional.

A unanimous Court upholds the constitutional right of an organization to boycott to seek political change. The ruling stems from an NAACP (National Association for the Advancement of Colored People) 1966 boycott of white merchants in Claiborne County, Mississippi.

The Court unanimously declares constitutional a New York State law prohibiting the use of children in pornographic material; Justice Byron R. White says child pornography is a "category of material outside the protection of the First Amendment."

VATICAN

(See also *Italy; Poland*)

July 13—The Vatican announces that 3 Roman Catholic lay banking experts have been appointed to examine dealings between the Vatican bank (the Institute for Religious Works, IOR) and Bianco Ambrosiano, which is charged with making questionable unsecured loans of \$1.4 billion to Latin American subsidiaries.

VENEZUELA

July 16—Venezuela decides to increase its oil production above the 1.5-million-barrels-a-day quota set at the Organization of Petroleum Exporting Countries (OPEC) meeting in March.

YUGOSLAVIA

July 1—Referring to Yugoslavia's heavy foreign debt, Prime Minister Milka Planinc says her government will fulfill Yugoslavia's financial obligations.

ZIMBABWE

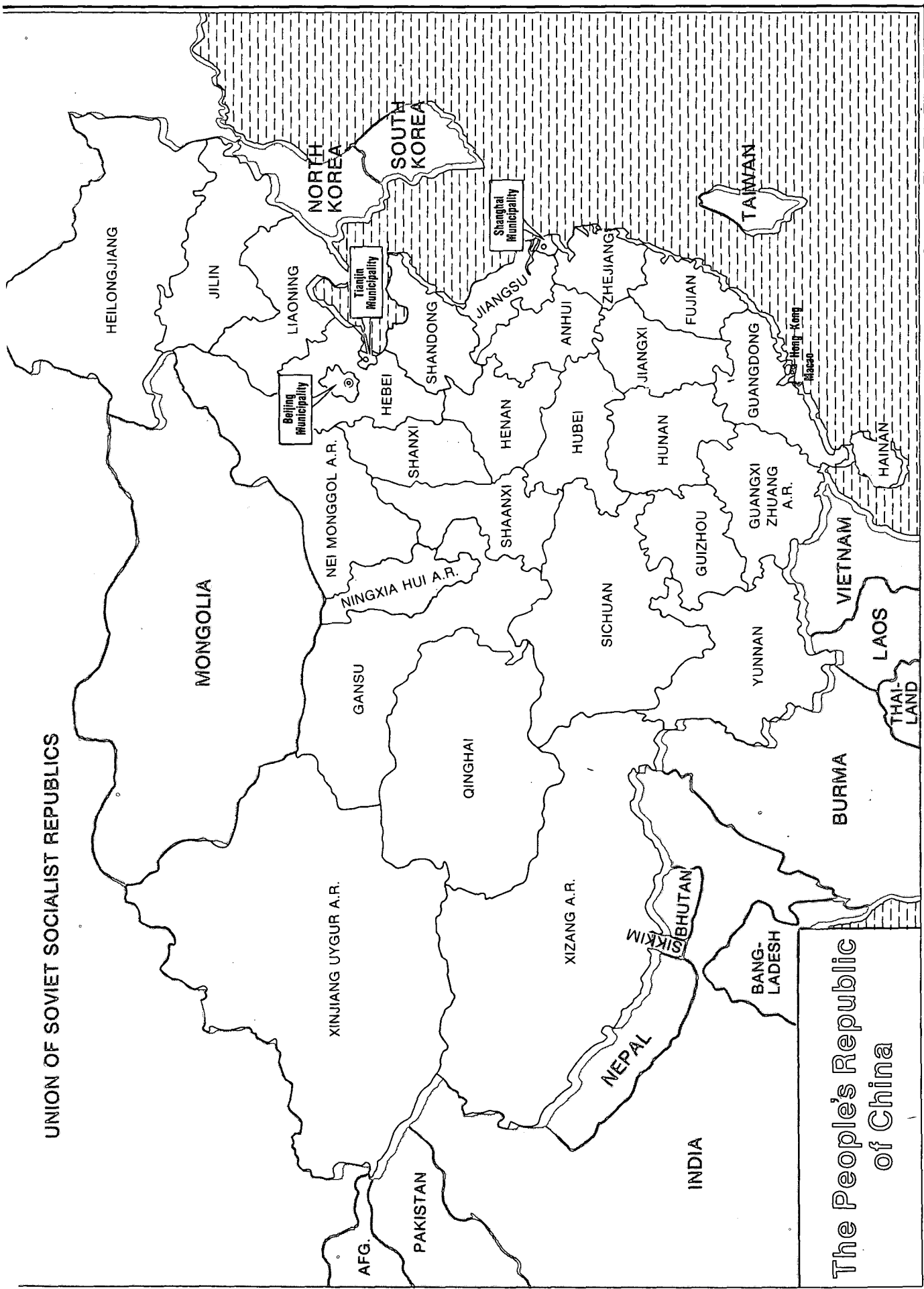
July 5—The police impose a curfew on the western suburbs of Bulawayo where Joshua Nkomo has his power base. Police began searches in the area June 24, after an armed attack on the home of Prime Minister Robert Mugabe in Harare. Mugabe blames Nkomo's opposition party for the attacks.

July 23—The government extends the state of emergency 6 months and passes new laws to shield government leaders, security forces and civil servants from civil or criminal prosecution.

July 24—Six tourists—2 American, 2 British and 2 Australian—are kidnapped by armed terrorists.

July 25—Thornhill Base, Zimbabwe's main air base, is attacked; much of the air force is reportedly destroyed by unidentified raiders. ■

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